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1947-48

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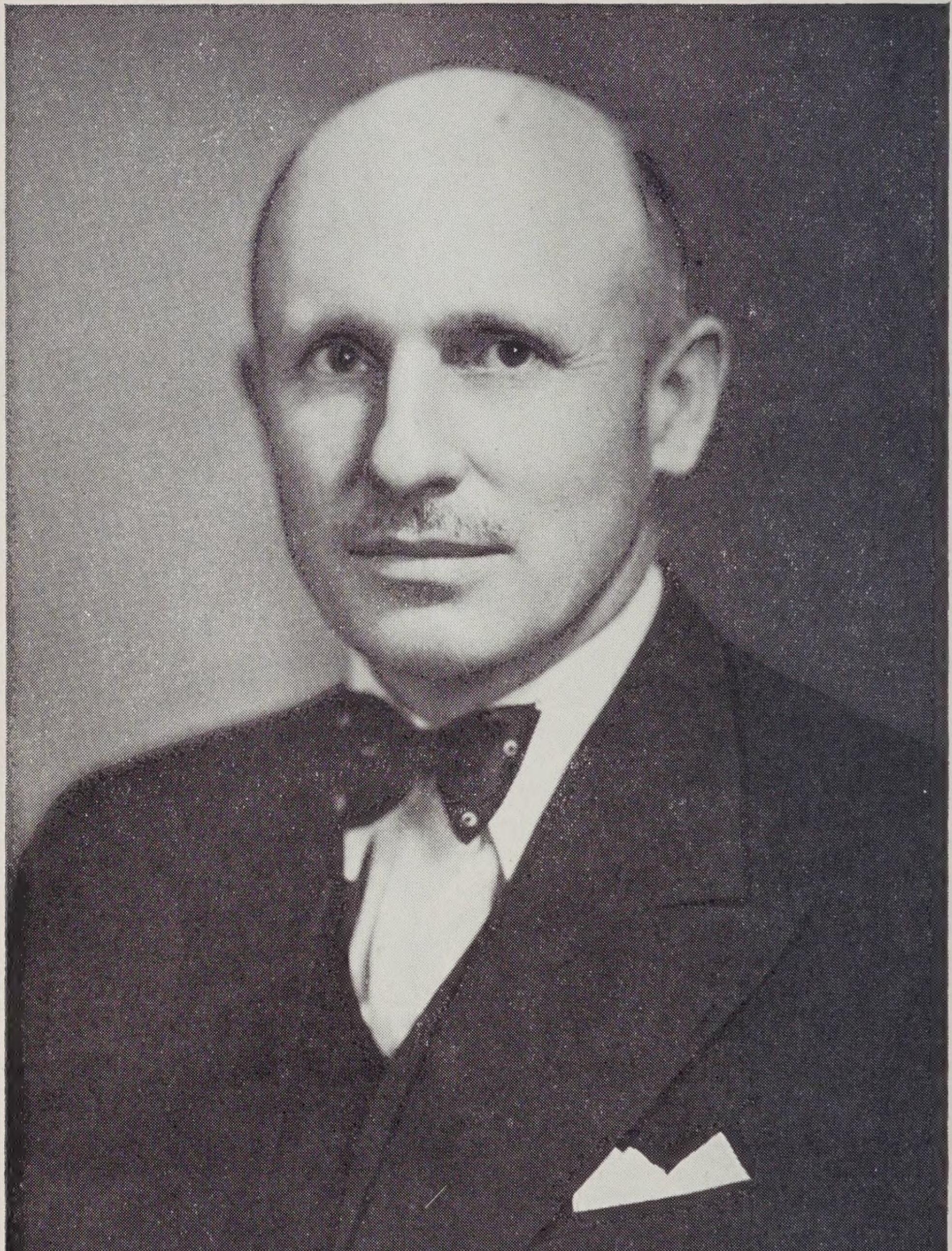
THE EMPIRE CLUB OF CANADA



TRACY E. LLOYD

President of The Empire Club of Canada, for 1947-48

THE EMPIRE CLUB OF CANADA

ADDRESSES DELIVERED TO THE MEMBERS DURING THE YEAR 1947-48

Forty-fifth year of Issue

GOD SAVE THE KING

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The Empire Club of Canada

YEAR BOOK PUBLISHING COMMITTEE
1947-48

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The opinions and views expressed in the Addresses, contained in this volume, are those of the speakers themselves and do not necessarily carry the full or partial endorsement of The Empire Club of Canada.

THE EMPIRE CLUB OF CANADA

"THE PRIME MINISTER REPORTS"

An Address By

COLONEL THE HONOURABLE GEORGE A. DREW, V.D., K.C., L.L.D.
Prime Minister of Ontario

At a joint meeting of The Empire Club of Canada and The Canadian Club of Toronto.

Chairman: The President of The Canadian Club of Toronto, William H. Clarke

Wednesday, June 4, 1947

The members of the Empire Club of Canada and the Canadian Club of Toronto are honoured today in the presence of the Prime Minister.

You will recall that shortly after his election he made his first visit to Britain, in his official capacity, to re-establish Ontario House. Through its excellent facilities the Province of Ontario was able to extend hospitality to tens of thousands of Canadian service-men and women who were in Britain during the war years. Ontario House also became the centre for information about Canada for the thousands of British men and women who are interested in emigrating to Canada when they are able to do so. It has provided, too, the means for continuous consultation between businessmen in Ontario and businessmen in the United Kingdom.

The Prime Minister's frequent visits to Britain since 1943 are some indication of the very great value the Government places upon our relations with Britain in post-war reconstruction and in the re-establishment of trade. In that connection the P.M.'s recent sponsorship of a drive to send food and clothing to Great Britain, who during the years of dire extremity emptied herself of her resources in a supreme effort for victory, has had the enthusiastic support of all parties of the Province.

Colonel Drew brings to his high office many great qualities, not the least of which is his unflagging energy, which has sent him to discover at first hand whatever might be of value and interest to this Province.

I have the honour to present our indefagitable Prime Minister, The Hon. George Drew:

Mr. Chairman, Your Worship and Gentlemen:

First of all, may I thank your Chairman for the very kind reception and introduction he has given me and may I thank all of you for coming out in this way on a day when those who could have spared the time might well have been tempted by this wonderful June day.

In accepting this invitation I did so with a very real feeling of appreciation of the compliment you paid me by these two great Clubs arranging for a meeting of this kind after the end of their regular season.

In recent weeks I have been in Britain and France, Belgium, Holland and Germany. Each of those countries presents a very different picture, but in each I found one thought in common which I would like to mention at the outset and which I would like to repeat to every one who lives in this country. If any Canadian has any doubt about Canada's great future, I can assure you from many, many contacts, that doubt is not shared by the people of any of those countries I visited. They regard Canada as the land of brightest hopes and greatest opportunity in the world today. A very large percentage of them would move here tomorrow if they could.

It is not, however, of Canada that I intend to speak, but rather of Western Europe and particularly of Germany. I know you will forgive me—in fact, you will be very glad when I do not attempt in this one speech to cover the whole field of a fairly active few weeks, thinking that it was better to deal with a particular aspect of the subject. It is not my intention to discuss those subjects which I will be placing before the Ontario Legislature when we meet again in the near future, and I will refer to Britain only briefly today and that mainly for the purpose of removing any thought that I share the gloomy opinion expressed in some quarters about Britain's future place in world affairs.

The people of Britain have had a tough time and those of you who were in Britain during the war, and there are many here who were, know just how tough that time was in many ways. They have had an equally tough time in the two years of peace, without the uplifting knowledge that they were taking part in a great common adventure of sacrifice. This year the flood and unprecedented snows have brought disaster to many thousands of farms and will bring even more severe food rationing next winter to the whole country. It is very hard for us to visualize what is happening. The loss of four and a quarter million sheep, more than three million cows, and the lost production of many thousands of acres of Britain's richest lands which were still flooded last week, constitutes a major calamity with the certain reduction of meat supplies and also clothing because of the great loss of wool.

Gentlemen, their spirit is very good, however, and in the flooded areas once again I saw that same similing fortitude which carried those fine people so splendidly through the stern test of war. You saw there under trial the fibre of the people, tough and strong and ready to take whatever comes in the years immediately ahead.

Britain is not finished as a great power. Far from it! As we read today the terms which have been accepted by the Hindu and Moslem leaders of India, we know that the teeming millions of that great country would not have chosen Dominion status within the Empire, even temporarily, if they had regarded Britain as decadent and worn out.

If, as now appears likely, the Indian Dominions march forward as partners in our world-girdling democratic Commonwealth, then yesterday will forever be a date of great achievement in the free fellowship to which we Canadians are so proud to belong. In any event, it marks the first occasion in the long history of mankind when Western Democracy has been adopted by any nation of the East as their chosen form of government. That is not the accomplishment of a nation lacking in vision or in vigour.

Britain has once again done a very good job and all of us will join with them in hoping that a year from now the new Indian Dominions will choose to remain within the Commonwealth and Empire of their own free will, bringing to themselves and to all of us new strength and new confidence in the great advantages of membership in that strong partnership of nations. In any event, whatever happens, I am sure that Britain is not finished as a great and wise leader in world affairs. The senior member of the old British partnership will still be carrying on business under the same name and at the same stand for many long years in the future. It is still for them, and I think for us in truth a "Land of Hope and Glory".

Like all the Western World, the people of Britain are looking anxiously across the channel to their neighbouring democracies and to that uncertain distant beyond. France, Belgium and Holland each have their own problems to face in their own way. Each, however, is confronted with the same question in trying to chart a clear course for the years ahead. Each of them is asking the question, and to some extent must resolve the question; "What is going to be the fate of Germany?" Upon the answer to that question rests the future of Western Europe and, to a very considerable degree, the future of every one of us.

When I flew to Berlin less than two weeks ago, I had the good fortune to arrive on a brilliantly clear day. As we circled very low over what had been the third largest city in the world before the war, it was evident that with the exceptions I will mention later, there is not a single building in Berlin proper which has not been destroyed by bombing or completely gutted by fire. It is one thing to read about it—it is another thing to see it. The outlying suburbs which are separated from the city itself by green stretches have not suffered so badly and some houses in that outer perimeter are still intact. Those are the ones mostly that are used by the Military Missions which are there today. Inside the city, however, is a scene of destruction and desolation on a scale which has never been known in the world's history. It is almost like Pompeii, multiplied a thousandfold.

That shattered city is symbolic today of the tremendous problems with which the victorious powers are confronted. In a city where four and a half million people lived before the war there are still three million people living in all that indescribable wreckage. Where they live it is hard to imagine, even when you walk through the streets and are right beside them. Some of them have rigged up small huts by creating some sort of a covering in the corner of two standing walls and then closing this in with stones, bricks or rubble. Others in great numbers are living in what remains of the basements of the buildings in the city. Others are living in what are merely caves in the rubble itself—nothing more than primitive caves. It is true that they have restored the sewerage system and the water system to a considerable extent, but little imagination is required to realize that in both cases very limited opportunities are available to make use of either of these systems. Some lines of the underground have been opened and are operating with the few cars that are available. Surface trams without any glass are also moving along those tracks which it has been possible to repair. It is only the skeleton of a city in which human beings are living under conditions which can only increase month by month the utter hopelessness which hangs like a dark and oppressive cloud over all of them.

No matter how much we may hate what they have done, it is not a pleasant thing to see human beings on the verge of starvation and far beyond the verge, and living under conditions in which human beings have seldom lived before. It is not a good thing for the rest of Europe that people should continue to live under conditions in which some measure of decency and self-respect cannot possibly survive.

I had known Berlin fairly well in the years before the war. Today it is almost impossible to recognize some of the famous buildings of those days. But from the shattered Brandenburger Tor, along the Unter der Linden, it was only one block to the famous Wilhelmstrasse where Hitler, Goering, Goebbels, Ribbentrop, and all that evil crew had their homes and offices, such a comparatively short time ago. The balcony from which Hitler harangued the crowds still juts out from the face of what remains of his residence. Around the corner, the enormous Chancellery, built of massive stone blocks, stands as a reminder of the pretentiousness and pretence of the terrible period in history which he represented.

Nothing could be more symbolic of Nazi rule and of the arrogant fiction of German supremacy which they sought to create than the Chancellery itself. The building was so massive and so strong that it would have stood for centuries, perhaps for thousands of years. Inside was one of the longest halls in any building anywhere, designed to impress and doubtless to create fear in the minds of those who called upon Hitler. He stood at the distant end, so that his visitors were compelled to walk the whole length of that vast hall between the long rows of massive columns. His office was in reality a large hall. It was all a theatrical display designed to awe those who visited him. But with all that elaborate construction and with all the luxuries the building contained, there was a pretence which expressed the fundamental weakness of that and every dictatorship of the same kind.

The marble floors were not marble. The mosaic in walls and around the sides of the floors were a cheap sham. Either of those could have been obtained from their Axis associates, Italy, at that time, but that would have been an admission that Germany could not make anything, and that was an admission they were not prepared to make. The marble therefore was a composition with an artificial marble surface. The mosaic was the cheapest form of coloured glass. In the wreckage of that enormous building today, no pretentiousness remains, and its pretence strikes you as you walk through it.

Going through the Chancellery into the bomb-torn park behind and on the the Bunker where Hitler died, I could not help comparing in my mind the scene at Doorn where I had been only a few days before. There an earlier German ruler, not so long ago, defeated by the Allies, lived his last days in comfort and died in peace. The difference in those two ends measures the difference in two types of war, and I think also measures the determination of peace-loving people to identify with the ghastly consequences of war, the individuals who are the cause of such senseless destruction.

No building has been done in Berlin. It would be hard to imagine where that would start. Before any new buildings could be erected it would be necessary to pull down the shattered walls of those which still stand in their gaunt desolation. My own feeling is, and it is only a passing individual opinion, that Berlin should never be rebuilt, but should stand in its present shattered form through all the centuries as a reminder to other dictators and those who support them, of what happens to rulers and to nations which seek to achieve world domination under any name.

Whatever happens to Berlin in the future, the present task of those who are charged with the heavy responsibility of keeping its three million people alive and in some measure of actual human comfort and human decency is truly enormous. Divided into four parts under Russian, British, American and French control, even the very minimum of municipal administration and municipal organization is extremely difficult to carry out. It would be difficult under any circumstances, even if the Allied Control Council were able to work in complete harmony and with a common purpose. But unfortunately that is not the case. It would be utter pretence, it would be nothing but utter pretence for anyone to come from Berlin and to leave any impression that the Russian administrators have the same purpose or seek to bring about that real measure of local freedom which is the object of the representatives of the three democracies.

There is an old German proverb which says that "Wherever there are three Germans there are always four opinions". Today that proverb hardly explains the situation, confused though it is. No matter how many Germans there are, there seems to be three clearly defined opinions. There are those who believe in Democracy and have learned their lesson and are trying to make it work. There are those who still believe undoubtedly in German dictatorship, and there are those who through fear, or otherwise, but mainly from fear, are prepared to accept the Russian form of dictatorship.

In Berlin a constant fight is being waged day by day between Communism and Democracy. Recently this had a very interesting result. Because of the interdependence of such municipal services as still exist, it was agreed that there would be one municipal council for the whole of Berlin. The Communists used every propaganda device, including posters, the press and the radio. The posters were still there, spread very generously over any convenient wall. Nevertheless, under that joint administration, where a free vote was possible, the Mayor—she was a lady, Mr. Mayor—the Mayor who was chosen was a Democrat and she was chosen by a very substantial majority. The Russians since then have not yet decided whether they will accept that result, so far as it affects their part of the city.

On all sides you see the Russian propaganda. That hits you in the eye wherever you go. The huge white stone Air Ministry has been completely rebuilt to serve as the headquarters of the Russian Occupation Forces. They spared no effort on that. It is precisely the same as the old Air Ministry, and I say that for those who have seen it, except for one thing, that along the face of the old Air Ministry were the faces of famous German Generals—the men upon whose military judgment at that time they placed considerable weight. The Russians have carefully chiselled those objectionable faces from the wall. The only other reconstructed building in the Russian sector is the large headquarters of the German Communist Party, the S.E.D., prominently situated on the south side of the Unter den Linden. While I said there had been no rebuilding, I was excepting these official buildings and the very simple and unobtrusive buildings which are used by the British, American and French military officials in their sectors.

One other significant structure has been built, and I think a very significant structure, within the past year. On the Charlottenburger Chausee, in what was the famous Tiergarden, but where there is no park today, stands the only war memorial erected by the victorious powers. This is the Russian war memorial. It is of a beautiful and simple design in white stone. Seven great square columns support a plinth upon which stands the large bronze figure of a Russian soldier. It is done in good taste and it is extremely impressive.

What did strike me as somewhat surprising, however, was that this memorial is in the British sector, and that Russian soldiers are standing guard in front of it at all times. Every two hours those guards are changed with great formality and, Gentlemen, with a surprising similarity in drill to the guards who were constantly mounted in the years before the war in front of the Nazi memorial in Munich. It will be recalled that there are no armed guards at the Cenotaph in London or at the war memorial at the Arc de Triomphe in Paris, or at any of the other great memorials in the democracies, so far as I am aware.

Now, these, Gentlemen, are only surface symbols of something which goes very deep and extends far beyond the boundaries of Berlin. The British, American and French are working together in a spirit of friendly co-operation. True, they have their differences of opinion, are the best of friends always do, and they iron out those differences in a friendly way. But it is only too obvious that the Russians are constantly at arm's length and have no desire for close association or common action in dealing with any of the problems they face.

I do not think it is generally realized—I confess I did not realize that Berlin is an isolated city, and island, in fact, under international control, far within the Russian Military Zone of Germany, and accessible from the democracies only by narrow and rigidly defined corridors which are policed as though Russia regarded us as enemies and not as Allies carrying out a joint occupation by the victorious powers. I would strongly urge that everyone in Canada and elsewhere study the map of Europe, carefully, and see where the western front of the Russian Army of Occupation has been drawn. The western boundary of the Russian Zone lies some one hundred and twenty-five miles west of Berlin at its nearest point, and much farther along most of the line.

What is more important still is where that boundary lies in relation to the democracies in Western Europe. When you examine that, when you pass it, when you see where it is you understand why there is the sense of fear in Holland, in Belgium and in France again today. At the north and western line of the Russian Zone of Occupation where there are vast numbers of Russian troops, is only 20 miles from the largest German seaport, Hamburg, and only 70 miles from the open stretches of the North Sea. At its nearest point it is only 130 miles from Holland and 155 miles from Belgium and 135 miles from France. Russia is no longer a distant eastern power. Hundreds of thousands of Russian troops are within a few hours march of those three neighbouring democracies which lie across a narrow stretch of water from the British Isles. In terms of time, they are not so very far from us either. I can't help remembering and still with fascination, the fact that last Friday morning I had breakfast in Scotland and was here in my own home in Toronto the same night before eleven o'clock. It is in this compact and ever contracting world and all that it implies that our thoughts must be adjusted.

If the Russian attitude were friendly and were really that of an Ally there would perhaps be little reason for concern about their armed proximity to the western democracies. But they are not. If you go to Berlin by road you must follow one designated highway and only one, which runs straight west from Berlin. You are not permitted to leave the highway for any reason from Berlin to the borders of the Russian Zone, 125 miles to the west. You are not even allowed to stop the car, and if you do without a very good and obvious explanation, you will be taken under the tender care of the N.K.V.D. Just to show you what the atmosphere is, when a car going into that road starts its trip through the narrow corridor, the control authorities immediately telephone to the other end and if the car hasn't arrived there within what seems to be a reasonable lapse of time, the military police go out immediately in search. If you fly to Berlin the situation is similar. You must follow a rigidly marked 20-mile corridor. When you go west from Berlin you fly straight within that corridor to a control point before you vary your course. If, for any reason you stray outside that 20-mile corridor, you are likely to be engaged by anti-aircraft fire.

Now, that, Gentlemen, is the atmosphere in which international relations are being conducted by our Russian Allies in Germany, and it is in such an atmosphere that we must examine the consequences of their military occupation of Germany extending so far to the west.

You have read of the extent to which the Russians are stripping the factories of eastern Germany and sending the machinery to Russia. They are doing the same in their zone of occupation to the west of Berlin. Every day great river barges pass through Berlin, carrying to the Danube and to Russia heavy machinery of all kinds removed from the factories to the west of Berlin. It is not difficult to realize that German recovery, even under the most severe restrictions and under the most rigid control, is not possible under these circumstances.

What is equally important is that this leaves the inescapable conclusion that Russia does not regard her occupation of the Eastern half of Germany as a temporary measure and that every act of terror and suppression regularly employed by the N.K.V.D. will be used to make eastern Germany another Soviet State. In that case the Soviet frontier would be along that line I have described, running from a point within 70 miles of the North Sea to a point in the south only 135 miles from the French border.

When I speak of terror and suppression, please do not think I am using speculative terms. Thousands of Germans have been deported to Russia from every part of their Zone of Occupation during the past year without trial, and without any information to their families as to where they now are. Unless there is a complete reversal of their present course there is not much doubt about what will happen in that zone. The vote in Berlin which was held under joint control can be taken as no indication of what will happen in the area where Russia has complete control. If past experience can be taken as any guide, expressed opposition to the Soviet plans will result in immediate deportation, or worse. The Germans have already learned from their own similar dictatorship what a convincing political argument that can be to any one who is only human. What has happened in these last few days in Hungary, where less than ten per cent of the people supported the Communist Party should leave no doubt in the mind of any thoughtful person what the plans of Russia really are in Russian Occupied Germany.

It is not consistent with our purpose during the war in Canada or Britain or any other free country, or with our security in the future, that the democracies should permit Germany, which has been so heavily and so properly punished for the actions of one dictatorship, to permit them to be forced to submit, against their will, to an equally cruel and equally dangerous form of dictatorship, of another kind.

Now, is this misplaced sympathy for Germany? I have no reason for kindly feelings toward the Germans. I have seen what the Germans did in Britain. I have seen the results of their arrogant brutality in Rotterdam. They deserve all they got, and they got it in full measure. I flew a week ago Sunday over the Ruhr, on another clear bright day over Cologne, Essen, Dusseldorf, Hamburg. Gentlemen, words don't describe the complete and utter destruction of those cities. They stand as a tremendous tribute to the gallantry of our young men, on the accuracy of the bombing and the bravery of the Air Forces of Empire and of Canada and of the United States. Make no mistake about it, it has been punishment which not only remains as punishment but will remain for a very long time. There is perhaps no stranger sight than to look down from a few hundred feet at Cologne and see that ancient, historic cathedral standing, structurally undamaged, and for miles around, complete, utter waste. It is one of the strange unaccountable things of the war that has passed. They have had severe punishment, and they deserved it. But their punishment must not go on forever, unless they are to become a fatal cancer in the heart of Europe. Above all, they must not be permitted to become, if we can help it, part of a still more powerful and arrogant dictatorship which has established its treacherous Fifth Columns in every nation as part of a settled plan of world conquest.

Gentlemen, you can't see what is happening there without believing that this year of 1947 is a year of the most fatal decisions ever confronting mankind. There can still be peace, enduring peace for long years to come if the democracies remember the lesson they learned in 1939. We all said then we would remember that lesson and that never again would the word "Appeasement" be written in letters of blood across the face of the world. We all said then in our wisdom after the event, that there would have been no war with Germany if we free countries had stood together and said with one free, united voice, "What you do in Germany is something which Germans themselves must determine, but you are not going to impose your evil power on other nations, and, above all, we are not going to supply you with the material and machines of war to make that possible."

That is what we all decided we should have said, and we all agreed if we had said it and acted in accordance with that statement, that war would have been prevented and that Hitler would have been compelled to retreat within his own boundaries without a shot having been fired. Surely we are not so soon going to forget that costly lesson.

Today Russia is immensely strong in men. Russia is hopelessly weak in the air and at sea. Russia does not want war. Of course Russia does not want war. Russia wants the fruits of war without actual combat, and Russia has carried forward aggression in Europe to a stage far beyond anything that Germany had succeeded in achieving in the days before September, 1939. Russia is no stronger relatively than Germany was when the first aggressive move was made in 1935 across that famous bridge at Cologne that so many Canadians remember. But Russia will be strong only a few years from now if we Canadians and the people of the United States and the Empire of Britain supply them with the generators, the dynamos, the machine tools, the construction machinery and all those things which they can't make themselves, but which will build up for them a powerful war potential in a very few years.

If the lesson we said we had learned in 1939 is still correct, then the hope for peace depends upon the firmness with which all the democracies tell Russia this year, by November, or when the Foreign Secretaries meet again, that the people of the world, of the free world, do believe in the principles laid down in the Atlantic Charter, and subscribed to by Russia as well as the free democracies, and that those free nations do want to assert, just as strongly as Russia, the right of Russia to determine their own course within their own bounds, but that they are also insistent that Russia shall not impose by force its form of government upon any other nation against its will.

Having come in contact so very recently with the same fears being expressed today in Holland, Belgium and France as were expressed there in the years before the war when they looked toward the German frontier to the east, so short a distance away, I am convinced, Gentlemen, that we face the very same issue, but with another dictatorship, the same issue that confronted the free nations in 1935.

Gentlemen, the time is short, but there is still time. This is not just things to be discussed by men in ivory towers remote from ordinary men. This is your business. It is my business. It is the business of every person in the world today who doesn't want to see repeated on a wider and more ghastly scale the war which came to an end only two years ago. The freedom we won; our security as a nation and, most important to every one of us, the future of our children, depends upon the decisions made by the free people of the world everywhere in this year 1947. Along one firm path lies the sure road to peace. Along the path of appeasement lies certain war. The choice is still ours. It is the choice of people who can speak and express their opinions everywhere throughout the world. Those who have really seen what is happening have no right to refrain from telling what they have seen and interpreting it to the best of their ability. Those who can speak have the duty to speak. For Russia and for ourselves peace depends upon the truth, the cold, clear truth, and upon strong and courageous decisions in keeping with the truth.

That, Gentlemen, is the way Democracy has worked. That is the way Democracy can work now. The peace of the world depends upon the extent to which the people of the world who can speak make this their business.

"THE INTERNATIONAL SITUATION"

An Address By

LORD STRABOLGI

Chairman: The President, Tracy E. Lloyd

Thursday, August 14, 1947

The Empire Club of Canada commences its season each year on the first Thursday in October. However, on rare occasions the Club holds a special meeting, but only when a person of prominence visits Toronto and this is one of those occasions. The Empire Club always *warmly welcomes* visitors from the Mother Country but on this occasion, and as a matter of fact throughout the week, in co-operation with the weatherman, have rather over-done our welcome.

Our Guest of Honour today, Joseph Montague Kenworthy, Tenth Baron Strabolgi is Chief Labour Whip in The House of Lords and served for eighteen years as a Lt.-Commander in The Royal Navy 1902-1920, being a Member of The Admiralty War Staff in 1917.

He is Vice-President of The Air League of The British Empire, active in The Navy League and also Chairman of The English Speaking Union.

Lord Strabolgi is a well known writer on current affairs and is the author of many books, some of which are: "Peace or War" — "Freedom of the Seas" (in collaboration with Sir George Young) — "India: A Warning" — "Our Daily Pay—The Economics of Plenty" — "Sailors, Statesmen and Others", an Autobiography — "The Real Navy".

Books on the war: "The Battle of the River Plate"— "Narvik and After" — "The Campaign in the Low Countries" — "From Gibraltar to Suez", a study of the Italian

Campaign — "Singapore and After" — "Sea Power in the Second World War".

Our Guest is a director of several British companies, his primary interest being iron, steel, rubber and the import and export trade.

I have just read a very interesting historical account of the ancestors of Our Guest of Honour and find that over six hundred years ago, John of Strabolgi was executed in England when his honours and estates were forfeited to the English Crown but were restored to David of Strabolgi, The First Lord, by Edward The Confessor. My Lord, we sincerely trust that the present Labour Government in England will deal more leniently with *you*.

We also welcome as our Guests today members of The Board of Trade of The City of Toronto and I can assure you, My Lord, that everyone in this auditorium is tremendously interested in the subject which you have chosen: "The International Situation".

LORD STRABOLGI: Mr. President and Genltemen:

This is a new form of loudspeaker, and if it isn't functioning, please let me know, that I may discard it and do without it. I used to be able to speak as a sailor and I think I still can make my voice heard.

I am very gratified to see such a large gathering on such an auspicious occasion and under extraordinary circumstances, and I think this is not a compliment to me at all, but to the British Parliament which I claim to represent at this present time in the Province of Ontario.

I also want to say at once that in Britain we have the most deep feelings of gratitude to Canada, not only for what the Canadian Forces and the Canadian people did toward winning the victory of the recent war, but for the very generous help you gave us when we were in difficulties following the end of hostilities. We have a tremendous admiration for Canada and the Canadian people in Britain, and we were all very sorry when the Canadian troops who had been so popular left our shores.

When I say "all", Mr. President, there was one exception: the gamekeepers were glad.

I received the welcome invitation to address this important body when I was in Newfoundland some weeks ago and I was asked to name my subject. Well, this being a rapidly changing world, I hoped I would be on the safe side when I chose "International Affairs". That covers a multitude of subjects and a multitude of sins, and it didn't matter how the situation developed I thought I might be able to say something of interest and value to you.

Now, perhaps I could best begin by a word about the foreign policy of the present government in Britain which in the broad outlines is supported by the other two principal parties in Britain, the Conservatives and the Liberals.

Our own foreign policy is based on the development and strengthening of the United Nations. We believe that the United Nations Organization is absolutely necessary in the present state of the world, and it is the only hope and salvation for Humanity, and the only means of preventing another and final catastrophe of a world wide war. We have faith in Britain and we believe that despite difficulties and complications, that the United Nations Organization can be made to function and that it can be a great safeguard for the liberties and prosperity of the peoples of the world, and we are encouraged in this belief by our experiences with the British Commonwealth of Nations. That has been a working model of collective security and of the same principles which we hope to develop in the United Nations Organization.

In the two terrible World Wars, in fact three wars which I have lived through, the British Commonwealth has stayed united without hesitation. All the great Dominions came into both the World Wars, although neither were their particular quarrel, and there are many people, historians and others, who have been in touch with affairs, who believe that if the Kaiser in 1914 and if Hitler in the years immediately preceding 1939, had known that Britain and all her fellow members of the Commonwealth would immediately come into any war that they precipitated, the belief is that neither would have plunged the world into such devastation.

Now, in connection with the development of international organizations, of which the United Nations Organization is the main one, I myself supported in Parliament the acceptance of the American Loan eighteen months ago, although I agreed, and still agree with many of the arguments used against it in the House of Lords by two eminent Canadians, the late Viscount Bennett, and my volatile and vigorous friend, Lord Beaverbrook. I think the arguments were perfectly sound. But if we had rejected the loan because of its admittedly onerous terms, it would have given a setback to the whole conception of international cooperation in the economic field, and I stress those two last words—*the economic field.* You can have perfectly correct and friendly political relations throughout the world between the leading nations, but unless you also have economic cooperation and friendliness, then it is difficult to see how the world could recover from the present difficulties resulting from these two terrible wars, and how we can develop the vast unused resources of the globe for the benefit of all people.

Now, one of the most remarkable developments in my lifetime, Mr. President, has been the increasing importance of economic considerations, rather than political considerations in international affairs. For example, at the present moment, my colleague, Mr. Ernest Bevin, the Foreign Secretary, would far rather have twenty million tons of coal for export than twenty Divisions of British troops. He could do far more with twenty million tons of coal today in the diplomatic field than any pressure that the existence of stronger forces might make available for him.

Another example, or consideration: I believe when the history of these times comes to be written that the historians will lay very great emphasis or stress on a remarkable series of events which has led up to the granting of complete sovereign independence and freedom to the former Empire of India. This is a tremendous event which will have vast repercussions throughout Asia and indeed throughout the world. But it can only be brought about by a surrender by the Hindus and the British to the Moslem demands in India for the separate Dominion of Pakistan and that consent was only given with the greatest reluctance by both the Hindus and the British. Not so much on political grounds, but on economic grounds, India needs a great development through the harnessing of the mighty rivers of India for the purpose of generating electricity and providing cheap power and heat for the whole Indian sub-Continent.

That is the line on which the great developments that are required in India to raise the standard of living of the teeming millions of people must proceed, and this partition of India which the well wishers of India hope is only temporary, will make it more difficult to achieve those vast schemes of electrification and irrigation which India needs. And there you have a clear example of political considerations: the nationalism and the desire for self-determination, if you like, of the Moslems of India cutting across the economic needs of the whole country.

Again, there is a tendency, a hopeful tendency in the world today for larger economic units, larger areas of free trade. One example which at once springs to the mind is the present state of affairs in Germany which is, frankly, appalling. There you have four separate zones in Germany. Only recently have the British and American zones been merged for purposes of trade and commerce, but there is the greatest difficulty in getting commerce restarted in Germany through the eastern and Russian zone, and the other three zones, and it is obvious that the recovery of Germany will depend on a return to the economic unity of Germany. Europe can never recover while there is a sick nation in Europe, as in the case of Germany, with eighty million people and great need for German industry and German coal and other materials.

But then on the other hand you have the French objections, which are understandable, to any unification of

Germany on the economic plan without adequate safeguards of the French who, after all, have been invaded three times by the Germans in the lifetime of men now living in this City of Toronto. I don't think either the President or I were born at the Franco-Prussian War, but there are citizens who were alive then. Three times the French invaded from across the line, and naturally they are nervous of a restored economy in Germany, a strong industrial economy in Germany once more threatening the peace of Europe.

The answer we make in Britain to our French friends, for whom we have the greatest friendliness and sympathy, is once more we must strengthen and support the whole conception of the United Nations Organization, so the principle of collective security can be applied to the retaining of the peace in Europe and the prevention of any mischief-making by any future German Hitler or any high military caste in Germany. We believe in London that can be done. We believe it is possible to encourage the economic restoration of Germany which is very necessary from the broader point of view, because it is costing us an enormous amount to keep Germany alive and to send food which we need ourselves, as you know. We believe that can be done while at the same time seeing that there is no nonsense in Germany about rearmament or no future threat of aggression from Germany against her peaceful neighbours.

In case it may be thought that we in London are too optimistic about the future of the United Nations Organization, in view of the failure of the League of Nations, may I point out that the prospects are much better this time. When we tried to get the League of Nations functioning and strengthened, the United States was out and isolationism was strong in the United States. Now, the United States is in, and the seat of the United Nations is in the State of New York.

Again, the Russians were out last time from the League of Nations. Well, now the Russians are in the United Nations Organization. And while occasionally there may be friction and trouble with the Russian representatives on the Security Council, still it is a lot better to have them in than out. And all men are, after all, human, and will one day give way to others, and who knows but we may get Russian delegates on the Security Security Council and the Assembly of the United Nations Council and the Assembly of the United Nations who are not quite so difficult in certain directions.

Anyway, it is better to have them in than have them out.

Well, those are the great assets for the United Nations Organization. There is also, we believe in Britain the underlying feeling of the great masses of the people, the ordinary, decent, hard-working, industrious peoples of the world, that at all costs another war must be avoided, and you have that pressure from below on the government, and we hope and believe that that pressure will become more and more effective.

According to Mr. Ernest Bevin, our Foreign Secretary, in his last pronouncement on this subject, he sees no possibility whatever of another great world war for a generation.

Well, I find myself in complete accordance with Mr. Bevin. I don't see any possibility either of a war for a generation, and as I used to say to my American friends in the United States when I was there, there is only one great nation in a position to make a war, only one great nation that could mobilize today, and that is the United States of America. Therefore, if there is to be a war it would have to be made by the United States of America itself.

The moment you say that in the United States, they say, "Good Gracious, we are not going to make war. It is the last thing the people of the United States would ever do". And I believe them. They are fundamentally pacifists in the United States. The ordinary American hates the idea of war. You know, it wasn't easy to get him to come into either of the World Wars. I don't say that in any disparaging sense at all. The fundamental feeling of the people of the United States, and especially in the great inland districts of the United States, the fundamental feeling is anti-war and pacifist.

Now, I can speak for my own country. We haven't got the means to make war at the present time. There is no use deluding them and we certainly have no desire to. I don't expect there will be any demand for a fresh war from the Commonwealth of Canada, and certainly not from any of the other British sister nations. I dare not use the word "Dominion" any more. I understand it has been replaced, and my friend, Lord Henderson, is no longer Secretary of State for the Dominions, but he is Secretary of State for the Commonwealth.

As for the Russians, those people who have been there assure me that you have to visit the western areas of Russia to realize the tremendous devastation, scientifically organized and brought about by the Germans, all the way from about sixty miles west of Moscow to the old Polish border, the whole of the country has been scientifically and ruthlessly devastated and the Russian economy has had a setback of great magnitude which will take at least fifteen or twenty years to make good, and they are in no fit state to go to war. Therefore, I think there is good foundation for Mr. Bevin's belief, and I see that the Secretary General of the United Nations Organization has recently expressed himself in much the same terms.

Well, now we come to the implications of what is known as the Marshall Plan, and is that going to cause a permanent division of Europe into a Russian zone of influence and a Western Zone of influence?

Well, in Britain I can assure you, Gentlemen, that our government worked very hard indeed, and we were well supported in this matter by the French, to bring the Russians into the general plan for the economic restoration of Europe. It wasn't our fault at all that they are not in and we don't believe that the division need be permanent. People talk loosely of the iron curtain, and the idea is that no commerce or trade passes between the country on one side of the curtain and the one on the other side.

Well, I do a good deal of business in Europe and I can give you first hand evidence that that is not so at all. In Britain we are doing considerable commerce, for example, at the present time, in Poland. We are sending all kinds of British goods into Poland and getting from Poland certain foodstuffs, raw materials, coal, and so on, and there is quite a brisk trade going on.

Czechoslovakia is another country that is supposed to be behind the iron curtain. We are doing a lot of business with the Czechs. Last year we got twenty thousand bridal suites from Czechoslovakia. That is bedroom suites of furniture for our young veterans to be married. There was not enough furniture in Britain so we got it from Czechoslovakia. That is an example of the trade that is going on. I may say, Mr. President, that the suites had double beds—on the advice of the Minister of Health, who has been worried about the vital statistics. And we are getting now this year ten thousand wooden houses from Czechoslovakia. I don't know why you shouldn't do some trade in this country. They are very suitable, they can be put up in a few days and they are very fine houses and very suitable for the farm labourers of Britain.

And Britain is doing business with other countries that are supposed to be behind the iron curtain. If that development continues and our commercial relationship can be reestablished and extended, I should think the pressure on the so-called satellites of Moscow would be to come in in the general European economy, and therefore we are not at all frightened in Britain that this division will be permanent and we certainly don't want it to be permanent there.

The criticism that my friends make in Britain of the Marshall Plan is that it does tend to divide the English-speaking peoples and Western Europe from the eastern part of Europe, and divide it permanently, and that we don't want to see brought about at all. If we can do business with Russia at the present time in Britain we are going to do it. The recent trade talks of both governments are being restarted again and we hope will be more successful. We need goods the Russians can send, and we particularly need timber, and we hope the conversations which are to be renewed presently will be more successful.

This is a hot day and I don't want to keep you gentlemen too long, but I must say a word about our economic situation in Britain about which quite a number of our people are properly agitated. You all know our difficulties. Full play has been made with them. You all know about our adverse trade balance and the rest of it. But you don't hear so much about our assets, and if you will permit, Mr. President, I am just going to run through what we have on the other side of the balance sheet in Britain, and it makes a formidable total.

One asset that it is not out of place perhaps for me to mention today is the British climate. We all grumble about it at home. We say we have no climate—only weather—and it is very trying and this last winter we did have a very bad time indeed for which we weren't prepared. We don't usually have such winters and we aren't prepared for them, as you are in Canada. That is very exceptional, and generally speaking it is never too hot that people won't work or can't work. It is never so cold that transport or communications are interfered with. As a general rule we never lose an hour's work through weather in Britain. The floods and snows of last winter and spring were quite exceptional and we all expect them not to return.

Then next, we still enjoy very great prestige for British goods and there is a great belief throughout the world, I know this because I was over Central and South America last fall and covered a great deal of other parts of the world since last fall also—there is a great belief throughout the world in the British good faith in commerce. They still talk all over South America of "the word of an Englishman". A gentleman in the Argentine doing business with another gentleman of the Argentine assures him that he is really going to keep his bargain, giving his assurance that on the word of an Englishman he will deliver goods at such and such a time. It still exists, and we still have that very great reputation throughout the world for fair dealing and good commercial practice—undoubtedly a great asset to us.

Then we have the natural resources. I speak not only of Britain but of the Commonwealth—I don't see why one should speak only of Britain—there are the vast natural resources of the Commonwealth and the colonial Empire. I will say nothing about the resources of Canada which you know far more about but I can tell you the undeveloped resources of our African colonies are immense. We have only begun to scratch the wealth of Africa. It is really only this government, which everyone doesn't support in Britain, that has proposed adequate finances for the first time for colonial government. The great Joseph Chamberlain wanted to do it but the Chancellor of the Exchequer of his day never produced any sums for the colonial development that is being done now. Australia has immense natural resources that have hardly been scratched and that is also the case in South Africa and other parts of the British Commonwealth. I don't see why we shouldn't put that on the other side of the balance sheet.

Then we have another asset which is rather intangible, but very important. That is we have in Britain a much abused but very honest Civil Service, an incorruptible Civil Service—of tremendous importance, as any of you men who have travelled and done business on the Continent of Europe will know. And we have an honest Judiciary, which some of you gentlemen who have travelled in other parts of the world where the British flag doesn't fly will know is also important.

In the nation we have a fundamental unity of purpose. No matter how bitter the political strife, there is after all a closing of the ranks in time of trouble, and we all want more or less the same thing, and at heart the British workman is most patriotic. You didn't find any

Quizlings or would be Quizlings among the working classes in Britain. They were a hundred per cent behind the country in the current war and the last war, and they are behind any government in Britain that is trying to do the job in the face of the greatest difficulties.

And that brings me to another asset, and here I can't help being slightly controversial. I hope you will forgive me, Mr. President. The existence in London today of a Labour Government means an absence of industrial friction and disputes. Since the election there has not been one official strike in Britain. But by that I mean there has not been one strike led by the official Unions. There have been a few sporadic unofficial strikes in various industries which the Unions have tried to end as quickly as possible, but because of the Labour Government the Unions as a whole—in fact, the whole of the Unions do their best to avoid industrial friction and disputes which would set back the recovery of the country and that is really a tangible asset which our Conservative friends will admit. They will all tell you so.

Then one more thing that perhaps you will forgive me for boasting about. Our people have tremendous doggedness and fundamental courage at home. They know, they have learned that we are in great economic trouble, but they are also confident that we will get through it and they will face any hardships and any privations and any inconveniences—I am certain of this—to help the country to recover its position as a great power, respected by the whole world, which we intend to do.

One example of this. We are going to have, as you know, direction of labour as we had in the war. There was great hesitation for a long time about bringing that up. I have talked to dozens of working men on this subject—some of my own workmen—I have been advocating this in my own Department for a long time before it came about and they all told me they would far rather have direction of labour. What the British workman objects to is this—he doesn't like going to another job, giving up a comfortable post in order to go into an essential industry and then his neighbour shirks and doesn't do his part. But that recent conscription among the working classes in Britain was not so unpopular as you supposed. The man who volunteered for the Forces objected very much to his neighbour getting clear and they really prefer if there are to be sacrifices that there should be equal sacrifices all around and no nonsense with shirkers.

Well, with that sort of spirit we have some assets and advantages on the other side of the ledger, and the position is not really quite so black as it might appear from some of the pictures drawn of it.

Now, we are going to go through a very difficult time indeed, but we will come through and I know what help you can give us here in Canada, both material and moral—and the moral support and help you give us is of great value—we know it will be forthcoming.

"COBWEBS"

An Address By

JOHN FISHER

C.B.C.'s Roving Commentator

Chairman: The President, Tracy E. Lloyd

Thursday, October 2, 1947

Gentlemen: The Empire Club of Canada, on this, its first Regular Meeting of the 1947-1948 season, welcomes as its guest of honour, Mr. John Fisher, C.B.C.'s well known roving commentator, whose voice is so well known to Canadian radio listeners.

Mr. Fisher is a native of Sackville, N.B., and is a member of the Bar of Nova Scotia. He graduated from Dalhousie University, Halifax, and spent several years in newspaper reporting and editorial work.

Mr. Fisher has a wide knowledge of Canada and of Canadians and in his "Canadian Yarns" series, he took his listeners from Coast to coast visiting large cities and small towns and out of-the-way places regaling them with the facts of Canadian folklore. It is interesting to note that requests from listeners for copies of these talks set a record in Canada—over 27,000 requests having been received for a series of thirteen broadcasts. Mr. Fisher is bilingual and occasionally appears as a guest in French over stations of Radio Canada.

Many of us listen to Mr. Fisher each Sunday at 5:03 to 5:15 on 'John Fisher Reports' and this program is recorded and transmitted over the C.B.C.'s new international service to Europe. Our guest has won many radio awards in recognition of his services to radio and in 1945 was awarded the LaFleche Trophy for the most outstanding contribution to Canadian radio as a commentator.

We welcome Mr. John Fisher who will now address the Empire Club on the intriguing subject "Cobwebs".

MR. FISHER: Mr. Chairman, Ladies and Gentlemen:

I was out in the City of Winnipeg the other day and in the Hudson's Bay Store there I saw an old Red River cart. A man standing there said, "Those carts will never roll again, because the frontier has gone." I was tempted to say to that man, "You are all wrong. Now there are many new frontiers, because we have today the aid of the thing called "Science". Even the plains gone over with the Red River cart many years ago present a new challenge now. Talk about forests! There is a whole horizon here, too! And there is a frontier in our lakes! To know what to do with conservation there. There is a frontier in spring floods! But, the biggest frontier of all cannot be seen. It is the frontier of the mind.

It is awfully easy for a man to get things into his Noggin, but it is very hard to get them out. We can't push the cobwebs that get into people's heads, with bulldozers or with science. That has to come from the heart and reason. And I suppose the worst cobweb that gets into the mind is resistance to change. The genius is to know how to strike the balance: what to preserve and what to cast aside.

In a world made one by science and the aeroplane, we have to start to project our minds beyond the 49th parallel, beyond the Empire, beyond the United States, beyond Finland, China, etc. There has to be a new family approach about other peoples. We have to strike out of our thinking the miserable word "foreigner", because now with the aid of an aeroplane it is possible to go to England within a few hours. But I know this, that if you just look back to Orville Wright in 1905, he went 40 miles an hour. That was only forty years ago. The other day the Royal Air Force went 650 miles an hour. If you take it just in simple progression, in another forty years, we will go fifteen times faster. If we keep that speed up we will be able to go to England in the time it takes you now to go to North Toronto. If you can go to London it means you can go to Paris—to Prague (unless the Iron Curtain comes down too hard). So we must have the new approach. Now Wendell Willkie was away ahead of his time: he talked about "One World". It is generations away, yet we must start thinking of a world community, and we must start devising some way in which we can all live, and we have to realize the other fellow has as much right to live as we have, providing he does not interefere with the rights of others.

It is so easy to let the cobwebs get into the mind and say, "The world is going to rot." You can read about all the rows in the Security Council of the United Nations at Lake Success. When Trygve Lie was in Winnipeg, I heard him say, when some woman said, "Why don't you pull out of New York and go to Geneva?" he said, "There is no room in Geneva." Geneva is full of all kinds of international societies working for the betterment of mankind, on medicine, on tariffs and exchange. That is the sweeter side of the United Nations we don't hear about, because we have developed a kind of psychosis that we have to have something sour. The other day I read a column in the paper about a man who found his wife with another man in a hotel bedroom, and he murdered her. But over on the other side, in a little obscure corner, Mr. and Mrs. So and So celebrated their 60th Wedding Anniversary. There is the sweet side of life. This was pushed up into the corner. Same way in international affairs—we are too anxious to reach for bad news.

It is so easy to become a defeatist and to let the cobwebs completely clutter up the mind.

Now what has that got to do with this Dominion of Canada, which your Chairman said I cross several times a year. That Dominion of Canada means a great deal to me, not because my people came here in 1783 as Loyalists, or because I was born here and have spent so much of my life here. It means a great deal because I think the Dominion of Canada is the most fortunate nation in the world today; (a) it is part British and can draw on its British heritage; (b) it is next to the United States and can draw on that American dream. We are Northern, and we have to work a little harder, which is a good thing. It is a northern country, and we have a wonderful future ahead of us if we can just get rid of a few of the cobwebs, if we will stop trying to be someone else and just realize the wonderful heritage we have here.

You hear a great deal of talk in this country about what we are going to do in Canada in the future, and about the brains going across the border into the United States. I maintain we should form a *2 CC* Club in Canada. We should have Conservation simultaneous with Dominion of Canada.

You will hear a lot of people say, "We are cutting down our wood". It is not so much that we are cutting it down, but we are not employing the magic of science to the greatest of all Canadian heritages, the Forest. It is the forest which supports the greatest manufacturing industry in the Dominion of Canada. More people are employed in the Pulp and Paper industry than in any other industry of Canada. It is a magnificent story of the fruits of free enterprise. But do you know that in two years Spruce Bud worms in this country spoil more forest than the Pulp and Paper industry cut in nine years!

Col. Bennett, you spoke to me about Shediac just before luncheon and told me that your wife came from Shediac. Just last year they had a fire outside the town of Shediac, in that little corner of Canada, which burned a greater area than Sweden loses in 12 to 13 years. The Swedes and some of the other Scandinavians have practically abolished forest fires. They have done it by selling the importance of the forest to the man on the street; by opening up roads. It is absolutely amazing now what an engineer can do with a square mile of trees. He can beat Nature three or four times. You give a forest engineer a free hand, and he can produce three or four times the timber that Nature would do if left alone. Through selection and the wonders of science he can perform magic.

The Swedes have been cutting more and more each year, but their forests still stand. I am told in this country we could double or treble the production of our Pulp and Paper industry, and still retain that Canadian heritage if we could sell the idea to the public, that our forest is our greatest resource and we must manage it properly.

We have heard a great deal about the English giving the Indians independence. A grand thing! But we don't hear about the most priceless thing the British left the Indians—they left them the greatest Forest-managed system in the world. The British think in terms of 100 years. Today in India they have the finest Forest-managed System in the whole wide world.

There are wonderful things we can do with forests and streams if we get a few of the old cobwebs out of our mind.

You know the idea is—we have had so much bush—the idea was to burn it down, clear it away, "I must make myself some kind of land", consequently we became immune to the value of conservation. Since we started taking inventories of the forest, over 60% of the forest area of Canada has been burned.

Science now has developed over four thousand uses for wood. We are living in a *Wood* Economy, not a steel economy. The demands for paper and paper products are increasing and increasing all the time, and as the democracy of the peoples of the world grows, up shoots the demand for paper. 400 million Indians—400 million Chinese—as they go forward, they will want more paper. The basis of Democracy is paper. As people increase their standard of living, they will want more and more paper. I suppose at some time in the future, for hygienic reasons, we will be eating off paper plates and drinking from paper cups.

The forests are going down all over the world and Canada has one of the great last stands of soft wood. The eyes of the world are turning to us. And if in forty years we developed the greatest manufacturing industry of Canada, look what we can do in the next forty years to come. But we must sell the heritage of the forest to the Canadian people. We must see that more roads are put in, and the protection is there.

We have had the wrong idea about the bush—"that is where the black fly is—get rid of the bush." It is the greatest heritage we have.

Then we have another problem in conservation: *Conservation of the Brains.* Every day people cross the U.S. border to feed in green pasture land. Most of these are young doctors, young scientists. Why do they go to the United States, Is it alone to feed on the green pasture there? Is it because they get more money there? Not entirely. It is largely an attitude. Some young Canadians feel they will get farther in the United States. Recognition will come quicker; that they won't run into so much stuffiness as we have in Canada. You could see that in the American Army during the last war. They put a little more of a premium on youth, and they are willing to put a little more gamble on a man's talent. It is true, of course, that you will always find somebody there who will be willing to take a handsome percentage of the proceeds for promoting you.

We have made a poor selling job about Canada. We have not talked enough about our Canadian "pastures". I think it is time we took the draw out of the American magnet and featured our own green pastures.

Twelve million people inhabiting this country of ours! Not enough people to begin with. And how little we know about Canada! Take that old slogan "Canada stretches from sea to sea"—that is a myth. The Arctic has a longer coast line than the Atlantic and the Pacific put together. 5,000 Islands in the Pacific and Atlantic and more than 25,000 islands in the Arctic. There is one island in this Arctic part of Canada called Baffinland. If we put one end of it on Toronto it would stretch to Winnipeg. We have mountain peaks unnamed in the Arctic which are higher than the Rockies. We have 3 islands in the Arctic which are bigger than England. Do you know that Canada is as high as it is wide? We think in terms of "Halifax to Vancouver". If you start at Pelee Island and go North to Cape Columbia in the Arctic it is the equivalent of Sydney to Victoria.

But what are we doing about that north land? There is another side to that Arctic land. It is time that Canadians gave a little more thought to what we have up there, because, just remember, our position in the world; we live between the two giants! Yet this is a curious trait of Canadian genius: we have a society called "Arctic Institute of North America". This year they offered two scholarships of $2,000 each. Seventeen people applied—two of them came from Mexico, two from Finland, one from Holland, one from China, ten Americans, and only one Canadian! Why is that? Why is it, in this country, that we have developed a positive genius for playing-down, de-glamourizing almost everything we touch? Why is it, in this country, that you never have any pilgrimages to Ottawa, in the same terms as they have in the United States? Did you ever hear of a Canadian taking his family to Ottawa to see it as a national shrine? The American can take his family from the Lone Star State of Texas, and he can go to Washington, and hate "that guy in the White House", but he can still say to his children, "That is the White House"—"Grant's Tomb"—"The symbols of our country". But Washington does not express the personality of the United States as accurately as does Ottawa ours. Washington is beautiful, it is well-made, but you don't feel the rush and roar of Detroit's Assembly Line, you don't feel the glamour of Hollywood in Washington, nor the expanse of the Plains. But Ottawa symbolizes the personality of Canada—cold and unaffected! (Laughter.)

I talked about the bush. Canada's history is linked with the bush. Those brave and courageous men that came out to found a continent always had to travel on rivers. They always had the bush and the black fly.

Within a stone's throw of Ottawa almost, is the black fly.

A waterfall within a few hundred yards of the Parliament buildings—very Canadian is a waterfall—and here you have the meeting of the Rivers, the Gatineau and the Ottawa. From the Chateau Laurier you can look out at the twinkling lights of the habitant villages in the Province of Quebec. Here at Ottawa English and French face each other. On one side you can be in the wild bush country, and on the other side you can get into the soft English side of the Rideau.

Why is it we have no Canadian jokes—I mean the kind I could tell over the radio? Why is there no joke about the Canadian, such as you hear about the the Irishman, the Scotsman, the American?

Why is it we have never developed Canadian dishes, and it is very hard to find native food? You can get hot dogs, true, and apple pie a la mode; but about the only Canadian dish you get from coast to coast is Pea Soup.

Take this great city of Toronto—a magnificent achievement! As a city compare it to any of the American cities and see how it stands out! If you want to get native food, Canadian food, unusual dishes, in the City of Toronto, you will starve to death. But you can go to Buffalo, just across the line, and you can get all kinds of American food and local specialties. The Americans allow their color to come even into their food.

Oh, yes, we have cowboy songs in Canada, but Prince Edward Island is the only place where they really sing them. Although we have a wide lone Prairie we imported from across the line our cowboy songs.

I am perpetually in the dog house. Canadians are so touchy regionally, but our national hide is just like a rhinoceros. I can go on the radio and bang the life out of Canada, and no one says anything. But let me say something kind or unkind about Toronto, and I am licked. Call the place Souris out on the prairie *Souree* instead of Souris, and you get the dickens. There was a gentleman in Charlottetown, Mr. Justice Arsenault, who wrote me a letter: He said:—"Last night on the radio you said Canada stretched from Vancouver to Halifax—but you are all wrong, it should be, from Sydney to Victoria." Well we have to be diplomatic on the radio, and I had to reply to him, "I am sorry, Judge—you are right; it should be Sydney to Victoria." But then he wrote me again. He said: "I am tired of you Upper Canadians overlooking Prince Edward Island, the birthplace of Confederation." I had four letters from the man, and three times he called me an Upper Canadian, who did not know where Prince Edward Island was. Well the truth of the matter is that Canada starts at the Straits of Belle Isle and ends in the Yukon, not Vancouver Island.

I finally had to write him, and I said in my letter, "Dear Judge, you always insist that lawyers marshal their facts in the court. (a) For your information I am not an Upper Canadian; (b) My mother got off the Prince Edward Island boat just in time for me to be born; (c) my grandfather was born in Prince Edward Island; (d) I spent all my summers in Prince Edward Island; (e) My uncle was Chief Justice of your own Court."

Two weeks later I picked up a paper to see that Mr. Justice Arsenault had resigned. (Laughter.)

You would be surprised how you can arouse Canadians on a regional basis. If I am talking about the West, I must mention the Maritimes.

Why have we developed a kind of see-saw in Canada? I think it is because of the shadows. There is the great American shadow. When we were young it was always so much bigger, and it made us feel a little conscious that we could never do it on that scale, consequently we leaned over a little bit. The British culture in the old days was so refined, it probably made us feel a little inferior and Colonial. And consequently, everything we do is influenced by these shadows. If you have a new law, you find out that somebody in Queens Park has studied a similar British or American Act and they have extracted from it here and there, and made it one for us. I think that has formed a kind of naked personality, which we call Canadian, which, although it makes me mad, may be a great gift. It will never be nationalistic, it will never belittle—we should have a sound international outlook because of the shadows. We have always had others who could do it bigger and better, therefore our approach to those outside is a little humble, and maybe that is what the world needs: a little humility.

CONSERVATION and CANADA should be simultaneous. The boys have been going to the United States because we have not been selling our country to them. We have brought into this country more than four million people since 1867. A big immigration scheme! But for nearly every person we brought in, we lost one to the United States, and the population of Canada today is just the result of normal growth. That immigration we had was vitiated almost completely by migration—and worse, because the migration was of Canadian stock which went through Canadian schools.

Gentlemen, I think it is time that we thought of the world a little more, and thought of opening our gates a little more. I don't see how we can inhabit this enormous land with 12 million people! I read something said by Professor Griffith Taylor—he said: "In fifty years time in the Province of Alberta there will be half the population of Canada." Some people will say; "It will upset our economy to bring in more people." Economy be darned! In the name of humanity, and in the name of buttressing tomorrow, we have to fill up some of these spaces, and we have to fill up some of the land to the north. They used to say "that blasted rock! It will never be any good for anything but black flies!" Well—look! 93% of the world's nickel! 99% of the world's platinum! Almost the whole production of radium and uranium!

They say we have no unity in Canada. I would like to use a very crude expression—I will spell it rather than say it, "N U T S"! No unity in Canada. The enthusiasm we had in this war, the enormous industries we built up during the war! The things that Canada has done have never been equalled by 12 million people in this world! But our unity is not expressed in the way of spiritual things—not expressed in monuments, songs, clothes, food and jokes. We have not developed a love for our national capital.

You get a Canadian in the parlor car of a train, and he is the most self-conscious person in the world. If you get a bottle of whiskey into him, he always starts attacking the same subjects:—

(a) The French Canadian
(b) Billie King.

And the French Canadian talks about "Les maudits Anglaises".

Then we always talk about the Americans with just a little British reserve. And then some Canadians rant on the subject of the English. "Oh, you know the English are slow." But you don't get an Englishman in the smoker of a train using all his energy in the discussion of his country. He is more interested in Cricket! And an American will tell you what a So and So John Lewis is, or he will go on with a discussion of the Brooklyn Dodgers. But he will not go into an examination of where his own country is going. The British and Americans have given up talking about unity, and they have gone past that stage long ago.

Canadians have not quite matured yet, because of the shadows. We have been made to feel a little inferior, but I think we are now on the open road.

I have been talking today about Canada and Conservation.

Now the third great thing is extremely important. It is the conservation of a man's right to lift himself up by his own boot-straps, without filling out forms in triplicate to satisfy the whim of some bureacrat.

Now I think Canada, because of those shadows, will never suffer from excesses—that is the curse of the world today, excesses and abuses—too much reaction! But the Canadian thinking is neither to the American right nor the British left, but again it comes between. We compromise, we middle-road everything we touch. We do it politically and in economics too. That's a good thing. That is why we don't have Canadian jokes, Canadian foods, nor Canadian glamour. We love this see-saw business. Everything in Canada is double.

We are middle roaders, but we neglect the spirit. Funny thing! We have an Arctic Institute, and it seems everybody in the world wants to get into it but Canadians. We have the greatest tuna fishing tournament in the Maritimes, and they would almost fall down dead if a Canadian entered. We have Rocky Mountain Game-hunting. Scores of Frenchmen, the British, the Australians, partake, but no Canadians. Are we too close to it? Why is it that we have this kind of a complex?

Contrast our cautious middle-road—straight line complex with the U.S.A. In the United States everything goes like the spokes of a wheel. Even their accents vary—they allow color in everything—excesses. For instance, down in Boston they talk differently within the City—South Boston—Black Bay Boston and Harvard twang. Get to New York and you get the Brooklyn or New Jersey talk. In Philadelphia you get still another accent different than you get in other States. And a Texan would be highly insulted if you thought he came from Montana, by his talk.

But in Canada we all speak the same flat English—like the C.P.R. and C.N.R., our speech goes in flat, straight lines. (Laughter). We love straight lines. We build great railroads right across the continent in a straight line. We have an organization like the Canadian Broadcasting Corporation which goes Coast to Coast. In the United States their radio air lines go into every direction; so does their speech. In Canada, we are inclined to be dull, de-glamorized, but, efficient! True, there is a little variation in Cape Breton. If you were going to Glace Bay they might say, "Would you be after going to the Bay, Boy?" In Kitchener, when a man comes into the store, he will say, "My molasses is all." In the Ottawa Valley you might hear some Irish expressions.

Everything is "Sea to Sea". We take our cue from the Fathers of Confederation. They talked of Dominion from Coast to Coast, so we have been talking and preach-it ever since. We love twins. Caution again.

We have a resort at Jasper, so we must have another at Banff. In this country, if you talk about Wolfe, you must mention Montcalm. We love twins. (Laughter). If I talk about that great man, Sir John A. McDonald, someone gets sore if I don't also bring in Sir Wilfrid Laurier. In Halifax, if you mention Halifax harbor, you must also mention St. John Harbor. In Victoria they joke about that little pimple on the Coast called Vancouver. You would think they never had a rain drop in Victoria. In Calgary every morning they read the papers to see how much Edmonton has grown overnight! (Laughter). Regina will never forgive Saskatoon for having a university. We have a C.P.R. We have a C.N.R. We have a C.P.A. and a T.C.A. Yes, we have Eatons and we have Simpsons! (Laughter).

Well, Gentleman, those are just a few reflections starting with the subject of *Cobwebs.* We must have a new and fresh approach to our country.

I believe, as I said to you before, that we are perhaps the most privileged people living on the face of the earth today, because of our partnerships with the bigger ones outside. That may be turned into a terrible and wretched curse if the world should ever go crazy, because we will be the Belgium of the next war! And that is why we should be getting our cobwebs out of our minds about this country, and especially our Northland. Once we thought it was worthless; but look at the cities that are springing up there! Look what they are doing with the mines in that country! With the aid of science we can go anywhere and do anything now. We have to start thinking now about the new frontiers of Canada. But before we can do that, we must attack the frontier of the mind, which makes people afraid of tomorrow. I am not afraid of tomorrow. I think there is a rainbow over this country provided we are sensible enough to preserve that dream, that a man can go forward on his own initiative—that we can take that "English know-how" and that "assembly line genius of the United States": we will always have that British softening in there, and their recognition of noblesse oblige. That I think is a pretty fine combination.

I will say to you, Mr. Chairman, it is a wonderful show here, because we are not bloated and never will be, but I can't see how in the name of humanity we can continue to hold this country with so few in it!

I thank you.

"THE ROLE OF CANADA IN THE CHALLENGE OF THE EAST TO THE WEST"

AN ADDRESS BY

PROFESSOR G. E. G. CATLIN

Chairman: The First Vice-President, Mr. Thos. Howse

Thursday, October 9, 1947

HONOURED GUESTS AND GENTLEMEN:

Members of The Empire Club today have the privilege of hearing an address from a man who has had a most fascinating career. Unfortunately, time will only permit me to mention a few of his achievements.

Professor Catlin was in the Italian Chamber when Mussolini assumed responsibility for the war on Abyssinia. He heard Stresemann speak in Geneva and is probably the only Englishman, alive or dead, to have covered the amendment of the United States Constitution.

On one of his trips Professor Catlin *just happened* to be on the same train as Reich Marshall Hermann Goering. While another time he was the only English correspondent aboard Wendell Wilkie's special train during the presidential campaign.

More recently he has held the post of foreign correspondent extraordinaire for the English publication "News of the World" which has a circulation of seven million. In this capacity he reported the Nuremberg Trials in Germany, paid his fourth visit to Mahatma Gandhi in India, saw Lord Wavell, dined with Jinnah, lunched with Nehru, and met Generalissimo Chiang Kai-Shek in China. He also received an audience from Pope Pius in Rome. These are only a few of the highlights that have occurred in Professor Catlin's fascinating career.

Professor Catlin was born in Lancashire and attended Oxford University, where he was a triple prize winner and at the age of 28 was Professor of Politics at Cornell University. In 1926 he was appointed director of a large research organization under the Rockefeller Foundation.

During World War I Professor Catlin was on active service with the British Army and during World War II he lectured to the forces and *he was honoured* by being placed on the Gestapo Black List.

Professor Catlin has also been a very prolific writer and published many books. One—"Anglo-Saxony and its Traditions" has been called the "Mein Kampf" of democracy. Today Professor Catlin's subject is "The Role of Canada in the Challenge of the East to the West". Through a typographical error in our announcement cards the word "roll" might lead us to think that Canada's bankroll is at stake. I am sure Professor Catlin will reassure us on that score.

Professor Catlin:—

Mr. Chairman and Gentlemen: When I came up last night on the train from New York somebody from New Jersey with whom I was talking said, "And when are the Canadians going to take over the United States?"

I said, "Well, I have been advocating that for a very long while."

Of course, in England we are not so much interested because three centuries ago the Scots took over England, so we have that all settled by ourselves.

I mention that remark because it is very near to the theme of what I want to talk to you about this afternoon I am an old hand here because I spoke on this theme to The Canadian Club in 1940, and when I had finished one of the Directors of Eaton's who was sitting next to me said, "Practical Politics." I am going to repeat exactly the same thing again today and, quite briefly, my theme is world organization for peace, and within that framework, a fusion of the United States and the British Commonwealth, not in any exclusive sense but in that of a fusion of the West within the framework of world government.

Eleven years — no, very much nearer twenty years after I said it the first time, and one year after I said it last time in Canada, you remember the late Mr. Wendell

Willkie went to Britain and with the idea of the book, "One World" in his mind, came out in an interview with a declaration that what he sought was the complete economic and social fusion of the United States and the British Commonwealth, and I can only subscribe to the doctrine that Mr. Wendell Willkie then stated somewhat better than I could state it myself.

Perhaps, after all, it is practical politics, so practical that with the consent of members of the Club, if anybody is interested in carrying the thing further, I am over here to meet people who have a concern on this matter.

I might mention in passing that Mr. Walter Lippmann did me the honour in his book on "United States War Aims" to pick out as United States War Aim Number 1, something I had suggested, and he quoted me by name, about what he then called "organic conversations" or, if you prefer it better, "routine interchanges between the parts of the world that we want to tie together", so that they are not just exceptional gatherings like the 1931 Economic Conference, but something that goes on the whole time and produces a real like-mindedness.

Wendell Willkie may have said this, and Walter Lippmann may have taken up one of the practical suggestions, but we still feel that it has been rather "up in the air". Now, in 1947, Ernest Bevin, one of the greatest British Foreign Secretaries since Palmerston, has put forward the concrete proposal of a Customs Union of the British Commonwealth and Western Europe, perhaps with the emphasis on the British Government.

You here in Canada appreciate the difficulties of that. I am simply asking you to consider what is the most practical course, because clearly something has got to be done. You may like Mr. Ernest Bevin's recommendation with which I greatly agree or you may like my own suggestion which goes rather beyond Mr. Bevin's recommendation.

At least I think we can say this, that the small state is no longer competent to carry out in a contemporary world the primary function of statehood, which is that of maintaining peace. It has become an ineffectual organization, because too small, for the economic and security operations of the present day.

I am sure my friends in the labour organizations will be sympathetic with Mr. Bevin, because I am sure you know that some of the private documents of British diplomacy are sealed with the insignia of the A.F. of L. And this for a very simple reason that Mr. Bevin's noble and distinguished predecessors all had their own coats-of-arms, and, when he came into office a seal had to be affixed, and while Mr. Bevin didn't have a private coat-of-arms, he had been presented with a ring by the A.F. of L. which he used for the purpose of sealing the documents.

I feel that there is an aspiration in the whole world at the present time to come together toward the establishment of some kind of world government. Mr. Bevin says that he would willingly sit down with any man to discuss a world organization for the maintenance of peace based on the representation of the peoples and not merely the nominees of the government. A very forward-looking remark. I am not one of those who think Mr. Wendell Willkie's idea of one world can now be dismissed as a grand illusion, nevertheless within that field there is an aspiration of the West, of certain countries of the West, to come closer together.

Now, I do not think there is any need to have suspisions of racialism in that. In point of fact it is in the East that we find Pan-Slav Committees and other such racial organizations, flourishing without rebuke.

Although it is well to bear in mind the activities of the Pan-Slavic Committee organized by the Soviet Union, our concern is a concern to get together like-minded people and to remove unnecessary misunderstanding which obstructs the integration, fusing together, of like-minded communities.

Now some of you may say that is all very well, but how does this relate itself, for example, to Mr. Churchill's famous speech at Fulton? I think the speech by Mr.

Churchill could have been delivered much better than Mr. Churchill delivered it. He started with a very bad blunder. It would be perfectly possible for Mr. Churchill to say: I stand on the charter of the United Nations. That is our goal. But you must turn to Chapter VIII, the Chapter called "Regionalism". I shall now proceed to discuss the fulfilment of the principles contained there. Unfortunately, Mr. Churchill left out the initial passages as a result of which the speech was attacked as building up something antagonistic to the United Nations Organization.

I think we must keep the notion of One World; we must keep the notion of the United Nations Organization. The basic principles in the West, and for the world, have got to be those of the rule of law, the maintenance and enforcement of peace under the rule of law, and the determination by the majority what the rule of law may be. Peace applies to the framework. World Organization supplies the framework within which other organizations have to work.

Some people say that if you press that idea too far, for example, that idea of majority decision, all that you will get is secession and the collapse and breakup of the United Nations Organization. The Charter of the United Nations Organization makes no provision for secession. I see no real reason to suppose that there can be any law permitting secession from that organization.

You remember the attitude of Abraham Lincoln was that there could be no secession of a minority from the federal unit which he fought to maintain and I think that the attitude of Lincoln is an attitude we have duly to consider—whether it is not the right attitude in dealing with the maintenance of world peace. Secession is sabotage; it cannot be called legal secession.

We all know that although the United Nations Organization is the basis of the right approach to organization for peace, it is as yet largely paper, and a paper protection. Look at the operation of the veto. I submit and on numerous platforms I have said, that after all it is a provisional and not an unchangeable document. After all in eight years from now the whole Charter has to go under revision, and revision has to go on the agenda and if there be sufficient public opinion to revise the veto out of existence, or to shift it to relative insignificance, this can be done. But unfortunately the revision itself is subject to the veto and I don't think therefore, that revision carries us, unhappily, very much farther forward.

Remember this disastrous veto has had its predecessors in the old Polish Constitution of the 18th Century. Somebody called it "free veto". It wrecked the life of the Polish nation. At last the patriotic nobles who possessed this right assembled in desperation to abolish it. They agreed to do it except for one Polish nobleman who hid himself in an empty stove and at the critical moment popped out his head to exercise the veto. Another Polish nobleman, prompt with his sword, removed the head and thereby removed the veto, so the abolition was able to be legally carried.

I think our lawyers might seriously consider whether there is legal justification for any provision being so operated that it stultifies the organization and the organic document of which it is a part. Can anybody be so interpreted as legally to have a right to do that which ends by stultifying the whole of which it is a section? I think it can be reasonably held in equity that no portion of law can stultify the enforcement of law.

Mr. Byrnes some time ago gave a lead and again Mr. Marshall, more recently. Mr. Byrnes maintained that the moral right of the majority overrides any obstructionist minority. Anyhow, it may be that we shall only advance by first of all maintaining the principle of world organization and, secondly, by discovering what can be done by regions within the world organization, which cannot be exclusive regions but should be an inclusive region which adheres to the principle of majority rule and the rule of law.

Now, I know that the position of the Soviet Union is that the test of all things is not the majority principle but co-operation and the co-operation of the Great Powers. This co-operation by the Great Three tends to mean keeping in step with George and even when George chooses to change step whatever step George adopts will be the test of co-operation. Normally, co-operation is in terms of give and take. It is an extraordinary view of co-operation which somebody had that one must merely keep in step with whatever may be the pace set by a dictatorship. Nevetheless, this is urged on substantial grounds as a matter of Soviet security.

On the same grounds the control of the East, east of the so-called iron curtain in Poland, and so forth, has been urged as necessary for Russian security. I wonder how far that argument would have carried, could we argue that the governmental systems of not only Spain but of France and Great Britain must be determined in a certain way as a matter of United States security? I think it could be argued but I must admit that it is a rather unfortunate case to argue. I think it is the type of argument that should be abjured.

It is also argued that the Soviet Union is being surrounded by groundless suspicion and that it requires the veto as a protection against suspicious peoples; that any getting together of those peoples not only gives grounds for suspicion but that it is liable to move over into aggressive measures.

I have every sympathy with a country that may feel there are unhappy incidents in the past, that there are suspicions existent which with good will can be removed, but nevertheless do not let us overplay an argument. I doubt if there is a single country in the world that if it chose to search in its memory adequately couldn't find grounds for suspicion of most other countries.

India, for example, would have abundance of grounds for suspicion. I so well remember discussing it with Mr. Boila in Delhi and he said, "Once the matter is over it must be forgotten and we must be friends."

Then we have the example of Ireland which has an extremely long memory that has moved, unfortunately, in the same mould.

Recall the situation of 1917, when the failure of the Eastern Front nearly lost the Allies the entire war.

Recall when Ribbentrop on his 60th birthday was saying to Russian representatives, "I thank you, for your felicitations. The union of the people of Germany and the Soviet Union, cemented by blood, will remain durable and solid."

When we remember the remarks of Mr. Stalin and Mr. Ribbentrop the suspicion can be a two-sided suspicion and it is best to forget on both sides.

I think most of the difficulty arises because out in the East maybe a distant United Nations plan for the maintenance of peace and the rule of law does not appeal as an alternative to a plan worked out ideologically for nearly a century, expressed in the Communist Party and Comintern organizations which on the whole, thank you kindly, has been doing very successfully over the last few years, and there is seldom reason for abandoning a plan that seems to be working out extremely well.

I remember in the late '30s when I was in Germany, a German said to me, "Hitler, you see, is so successful. He is pressing the Foreign Minister who never looked at us a few years ago, to come and negotiate with us."

I said, "Mr. Hitler is indeed exceedingly successful. He has built up a circle of enemies around Germany more quickly than I would have believed possible."

Let us remember that something that seems so successful may not be so successful.

The fact is that in France and in Italy, too, there are people pledged to back the Comintern lines. I regret to say that there are certain English politicians, not entirely unknown to you, who also back the Comintern lines, and one of them has said, "I don't believe there will be war if we march shoulder to shoulder with the Soviet Government."

The problem is not whether the common people are peace-minded. In my opinion, the common people are always peace-minded in all countries, because they suffer by war. The problem is the problem of the attitude of governments—not whether the common people want war—or even whether any government wants war in the abstract. I don't believe governments want war in the abstract. The problem is whether they think they can get the fruits of victory—if possible, without war, but if necessary, with war. That is the real question.

You may say I am sketching a very gloomy position. I am sketching a gloomy position because I have a feeling that our danger at the present time is not so much alarmism as complacency, and I think we are up against a very grave problem to which we should early give our mind.

Now, I am not a complete pessimist. I know, when I was in India it was assumed in certain political quarters, not particularly pro-British, in India, that a further war was to be regarded as inevitable.

I know when I was in China I said to certain Chinese, "Do you think there will be trouble and, if so, do you think it will be in fifteen years?"

They said, "No, in ten."

I don't share that view completely. I believe that the route of peace is first of all the route really of education of humanity which is a long term prevention and, secondly, the establishment of an international power, or an international police force and, incidentally, I hold a document from Mr. Gandhi, saying that he subscribes to this view, and that it should operate like any other police force, not against the majority, but against the small criminal minority. That is the route.

The problem is how to get that police force. Two years ago in San Francisco I came to the conclusion that the prospects of peace lay in the majority countries actually, and always in appearance, presenting a strong, united front. It is my view in that event, as was shown in San Francisco, there will be a retreat in policy on the part of countries, to use a famous phrase of Mr. Stalin, now "dizzy with success". That, to my mind, is the route through which peace can be maintained, the route of union, courage and resolution.

You may say, what have I said about the role of Canada? I think Canada can play a very important role. It can play a very strong role with Britain, and I would almost say I think it can and I think sometimes should, "bully" Great Britain. By that I mean a complete reversal of the old colonial attitude. You remember that Canada in the days of the Washington Naval Treaty played an extremely valuable role. Canada made a reversal of what, according to all reports, was British policy at that time of the Naval Treaty, and few would not say today, looking back to the history of Japan that what Canada did was not entirely the right thing.

Canada must not be too modest. Canada can play a decisive role if it knows when and where to play it. In my view it should. There are certain obscurities that I think should be cleared up. For example, one obscurity is the Anglo-Soviet Treaty which in Clause 7 appears to state that Great Britain can give no assistance to any country that is hostile to the Soviet Union by which I understand if, for example, Canada, by mischance, got involved by war, Great Britain could not go to the assistance of Canada.

One would like to know if that is what that clause really means. I think the Canadian citizens should reflect on that. These obscurities sometimes lead to war.

The point has been raised by Mr. S. H. Carr in his recent book on Russia, what practical steps can be taken. Here are some practical steps that are indicated. They are matters for Canadian citizens to reflect on and take action. There are other practical steps. We can get together to advocate either Mr. Bevin's Customs Union which is an idea of great courage or something wider and broader—Wendell Willkie's scheme of a Western Union of like-minded peoples within the framework of "One

World", or we may feel that the key to the right approach is definitely to put the notion of "One World" first in the rule of law—the decision of the majority first.

Then when we come to the practical implementing of this, we may have to fall back on tieing together far more closely than we have even dreamt of hitherto, like-minded nations that are prepared to accept the rule of the majority.

Turning to the detail, I put forward the suggestion I have already quoted to you, that Walter Lippman took up —organic conversations. For years I have played with the notion of having some kind of Anglo-American Institute of Cultural Relations. That might be done by government. My impression of what I know of American citizens and Canadian citizens, is they would prefer to have it done by some other agency. I suggested in New York many years ago that we ought to have some kind of Committee set up, of people who would get together and definitely go over the question of western and democratic theory to find out whether we cannot talk a common language and vocabulary about the pattern of democratic ideals, bearing in mind that the great decisions are likely to be taken by what might be called the floating vote, namely, Western Europe, that you have got to convince the peoples of Italy and France and Austria, and you will not convince by handing them out old worn concepts of democracy and liberty unless definitions are attached.

The Soviet have a tremendous advantage of an almost fanatical dogma polished up to the last point. It may indeed prove in some instances a disadvantage, because they have, for example, come to the dogmatic belief that there must be an economic collapse in America. On the other hand, it may not be justified by events and they have nevetheless calculated there must be one because Marx said so. That is a weakness.

Our weakness is that we haven't got a theory at all. We are bluffing too much. The ideals we have, have failed to carry conviction. It is time the corpus, which is a corpus of centuries of thought in the West, and not less in the English-speaking West—don't let us be unduly modest—nevertheless, it has not been brought up and related to the definite affairs and therefore, fails to have cutting power and cutting force.

I suggest we must not be tempted to turn out slogans and turn out propaganda before we have done the thinking. We have got now to do the thinking, then we can move on to turn out the slogans and the propaganda. Remember, the effective propaganda today is literally worth army corps. The right idea is worth seven battles.

The issue is the issue of claiming the soul of Western Europe at the present time and it is not settled which way Western Europe goes.

You may say to me this is all very difficult. So it is. I see in the Toronto morning paper that Mr. Duplessis had produced a suggestion that Canada had three enemies—Communism, Socialism and Bolshevism. With all apologies, I can't think of any more mischievous notion. I happen to be a Socialist. Ernest Bevin is an outstanding Socialist. Many people who put up the major fight against totalitarianism call themselves Socialists. If you adopt that slogan then you are going to alienate the very people you want to bring in and I would suggest to Mr. Duplessis as an alternative—for we in Britain are not going to fight to reverse the decisions of the Second World War—a better slogan might be Opposition to Communism, Black Fascism and Red Fascism.

You may say, I repeat, it is all very difficult So it is. I remember the remark made at the time of Dunkirk when it was said, "Let me have the best solutions worked out. Don't argue about them. The difficulties will argue for themselves."

We are now in a very critical time, because of the very nature of Democracy which tends to talk and to doubt until the last moment and until past the last moment. My old friend, Lionel Curtis, has many times pointed out the weakness of the British Commonwealth is that it wins wars but doesn't prevent wars. It couldn't prevent wars because it didn't make up its mind until too late.

The difficulties are there. Don't talk about the difficulties. Let us get to the discussion of the solution. I am not concerned with the detailed policies of Foreign Ministries or even the detailed relations between Commonwealth Union and Customs barriers. I am concerned with the question of ideas. We have to think out the question of ideas and decide whether on the issue of personal liberty, we are prepared nobly to save, or meanly to lose, the last best hope on earth for which we fought the last war.

(Applause.)

At the request of the Vice-President, the thanks of the meeting were expressed to the speaker by Brigadier Colin Campbell.

"AFRICA SOUTH OF THE SAHARA"

AN ADDRESS BY

MAJOR LOUIS KRAFT, GENERAL SECRETARY OF THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

Chairman: The President, Mr. Tracy E. Lloyd

Friday, October 17, 1947

Ladies and Gentlemen:

"We all vividly recall the charges made by the Russian Delegate, Mr. Vishinsky, at the United Nations Assembly at Lake Success, and we most certainly remember the reply to those charges made by the British Under-Secretary of State. Less than an hour after the British Secretary of State's address, the Empire Club sent him a wire inviting him to address us before his return to England. Since that time, we have been constantly in touch with Lake Success, endeavouring to arrange a suitable date, and were very pleased indeed when we received word last week that we could hold this special meeting today.

However, I am sorry to have to tell you that the Air Lines are not as dependable as the Empire Club because we are here but our speaker, who was to fly from New York this morning, is not — his plane having been grounded until after 11 a.m.

I did not know anyone nearer than South Africa who would step in a situation like this and assist the Club but Major Louis Kraft of Johannesburg, who graciously postponed speaking to our regular meeting yesterday and has now consented to deliver his address today — his subject being "Africa South of the Sahara".

I am sure, under these circumstances, we will give Major Kraft — General Secretary of the South African Institute of International Affairs, who is a native of Belgium, prominent authority on African affairs during World War II and who was head of the Information

Branch of the Directorate of Military Intelligence and was decorated by the French and Belgian Governments —a very good hearing."—Major Kraft.

AFRICA SOUTH OF THE SAHARA

I must admit that I am rather pleased that an opportunity is being given to me to address you on the problem of my favorite stamping ground; Africa South of the Sahara, which, truly *is* Africa.

Africa North of the desert is not Africa since the Mediterranean is much less of a bar to intercourse between Europe and North Africa, than is the desert, between North Africa and the tropical regions to the South. The French showed they realized this deeper logic of Geography when they made the coastal provinces of Algeria an integral part of France (French "departments" they are called) as if the sea in between were but a very large river; — and the enterprising Englishmen and Englishwomen who still trek overland from Europe to South Africa, learn to their cost what a powerful barrier the North African desert is.

Besides, North Africa is in the temperate zone, while the Africa I understand by that word lies mainly in the tropics. There is, of course, temperate South Africa, but she too is (or until recently *was*) isolated as a result of her position at the tail end of a continent, in a particularly landless and people-less hemisphere.

Before dealing with some of the problems of this land mass separated from the rest of the world by salt water and sand, I have to dispose of a (to my mind) indispensable introduction. In all countries and continents, geography plays a major part in human destinies and policies. This is doubly true of Africa. I say *"is"* because, though I am mindful of how much less that isolation means in the air age, the *conviction* of Africa's past isolation is still in the minds and the instincts of many people living there.

The isolation of Africa South of the Sahara is, first of all, that brought about by the fact that Africa is in a hemisphere which has, comparatively, little land and only a small portion of the population of the globe. Most of the land masses and the overwhelming majority of the people of the world are in the Northern hemisphere—a fact recognized by the United Nations, whose emblem is a view of the Northern hemisphere seen as if you were looking straight down on it from the stratosphere.

Consequently, Africa South of the Sahara (and even South Africa, despite the magnets of its gold and of its more-than-ever important strategic sea routes between East and West) is well away from the big human stream flowing broadly round the top of the world, a stream flowing right across Canada.

And whatever population there is in the Africa I am dealing with now, is thinly spread. There are only 104 millions (of these 3 million whites) in that self-contained zone.

And when we come to *South* Africa, we have to recognize that, she too, despite her 2¼ millions Europeans, temperate climate, and mineral wealth, is, by her geographical position, well outside the hemisphere where the seats of military and political power exist. But that, too, is changing, and may in a predictable future, change quite a lot. The causes of such changes are the new outlook on geography — global geography — brought about by aviation's predilection for great circle course itineraries, and the changes in strategy brought about by the future possible employment of atomic energy.

The second form of isolation is one, which, in the past, had a major influence on the rate of development of the Bantu people and consequently on the development of Africa:— the isolation due to the wider desert of North Africa, stretching from sea to sea, and to the two oceans to the East and to the West: the last two barriers preventing those horizontal cultural exchanges which proved so fruitful on the Eurasian continent.

French being my native tongue I go readily to French sources, and French speculations on problems. One illuminating thesis I came across a couple of weeks ago, a thesis about tropical lands, dovetails with some conclusions arrived at in South Africa about some of the probable causes of the backwardness of the Bantu and of their inability to develop their tropical heritage as well as many Asiatic communities developed theirs.

Incidentally, these Bantu people are relatively recent intruders: a mixed race which came South from somewhere West of Abyssinia. It is the language factor that makes the Bantu one, as their various tongues have many root words in common and one grammatical formation. "Bantu" like "Aryan" is a language term. It means "people".

Professor Pierre Gouru, of the College de France, in his latest book "Les Pays Tropicaux" propounds the theory that, though the hot and rainy regions of the earth have a poor soil, easily exhausted, a soil subjecting the agriculturist to severe conditions with an output inferior to that of the temperate zones,—despite such basic conditions common to all hot and rainy regions such as the tropics,—the human development, the development of civilizations, has not been the same in Asia and certain parts of Central America on the one hand, and the rest of the tropical world, on the other. And it is the lessons of Asia's success that tropical Africa must learn and adapt to her future needs.

Gourou shows that cultural exchanges in Eurasia, by helping exploitation techniques in temperate zones to reach, and become progressively adapted to, tropical lands, favoured the emergence in tropical Asia of a type of peasant community different from that of Black Africa. The Asiatic peoples of the tropics evolved an agricultural economy based on flooded rice fields, which is the only one ensuring, in tropical lands, a steady production year after year, of cereals, since paddy fields do not exhaust the soil, even after 2000 years of continuous cultivation (this is due to the silt) *and do not provoke soil erosion.* As a result a dense population is able to live in tropical Asia.

Africa, on the other hand, was denied by the Sahara barrier, the lessons and experiences of more evolved civilizations. This desert barrier is one of the major causes of the backward character of the cultures of tropical Africa. All that their populations were able to evolve in agricultural technique was the shifting type of cultivation on soils cleared by bush fires and veld fires; and what the African generally planted was the shallow-rooted annual which (in a land of torrential rains) led to, rather than prevented, soil erosion. Such agriculture, the shifting type on plots cleared by fire, is not compatible with a high standard of life.

Gourou also points out that paddy fields are not a favorable habitat for the larvae of the malarial mosquito. Thus, the rice-producing peoples of tropical Asia were, and are, better off, on that account, than the peoples of tropical Africa.

The French Professor thinks that, where possible, paddy fields should be developed, and I have heard of at least one tribe, the Mabena, who unable to make a living on the slopes of the Livingstone Mountains in Tanganyika, trekked down and developed paddy fields in the valley. Then there are the extensive paddy fields of Madagascar, a culture introduced by the Hovas, who came originally from S.E. Asia. Where paddy fields would not thrive, arborescent cultures (which being deep-rooted do not favour soil erosion) such as coffee, tea, cocoa, rubber, coconut, palmoilnut should be developed with the help of modern techniques. He condemns the traditional type of cultivation still prevalent in tropical Africa, both in defence of the soil and in defence of the humans on it. He is dubious about groundnut schemes as planned in Tanganyika on a large scale, since in Senegal similar projects brought about a catastrophic type of soil erosion. But, of course, there is no reason to presume that the Tanganyika project fails to include all necessary guarantees against the spread of soil erosion.

This thesis dovetails with the South African view that geographical isolation was one cause of the backwardness of the Bantu (while to Europeans, contact with strange peoples set a-going the development of their own civilizations). Other reasons for this backwardness were: the absence round Africa of any fringes of islands encouraging graduated experience in the difficult art of navigation; and, the extreme unhealthiness of Africa, since, in the course of ages the Africans gained only a partial immunity to malaria. Many Bantu infants still die before developing immunity. Then there is dysentery, sleeping sickness, intestinal parasites, bylharsia, spirillum fever.

On this point I should like to quote the following very brief remark of Julian Huxley in his book "On Living in a Revolution":

"The white man in the tropics curses the native for his laziness. But if the native were once rid of parasitic and infectious diseases, and given an adequate diet, he would not merely be more energetic; his entire personality would be transformed".

The difference can be seen in the natives who have worked on the Rand Gold Mines for a year or two, after having been cured of their ailments and been given a balanced diet for a time. They looked fat, jaunty and energetic. I am no admirer of the migrant labour system favoured by the Rand gold mines though I realize the logic of its short-term economic motive, but within the framework of that system—good or bad—one must admit that the Rand gold mines look after the health of their native labour force.

What Huxley says about the effect of disease on the personality of the African is particularly true of the debilitating effect of sleeping sickness. In many natives the action of the trypanosome is a very slow one. They remain up and doing, but as they are sick, they are more often prone than up and are more often "lazy" than active. As Dr. P. J. du Toit, of the South African Veterinary Services, said in London, last month (September), when showing a colour-sound film of the spraying of tsetse-infested lands with DDT from the air: "The tsetse is the biggest problem in Africa". And though DDT will make an appreciable difference, those who know tropical Africa, its size and the limited capital resources available there, realize that the tsetse may remain a scourge for generations. Also, because Africa is a political jig-saw puzzle while rapid efficient tsetse control, like locust control and in fact all pest and disease controls, must be planned "functionally" across political boundaries. But in Africa, like elsewhere, the crossing of political boundaries, either physically, or mentally, is not always easy.

(I may add that Madagascar is free from sleeping sickness though the island is mainly in the tropical belt. So is the Ruanda-Urundi, a Belgian mandated territory, on account of its altitude. That is why cattle thrive in both territories (being free from nagana, the animal counterpart of sleeping sickness).)

. . . .

Having travelled much in Africa and lived there uninterruptedly for 21 years, there is a great temptation to describe it and that I must not do. I must not give you a travelogue. At the same time I feel that I must say something about the diversity of Africa, a diversity which should not mask its indivisibility. Africa has no Rockies or Cordilleras to divide it vertically. . .

The bulk of South Africa is on a plateau and this renders even near-tropical places like Johannesburg and Pretoria, temperate and healthy. This plateau extends along the eastern part of Africa as far as Abyssinia but immediately north and north west, only as far as the southern part of the Belgian Congo (the Katanga with its rich copper and uranium mines), which though far up into the tropical belt is still relatively healthy. This part of the plateau is the southern side of the rim of the Congo basin; and it is at the bottom of the basin (a basin open to the west where the Congo River flows into the Atlantic Ocean) that one finds the lands which are steamy, unhealthy and unsuited to permanent white settlement.

This is the region which has most of the water resources of Southern Africa, a land of big rivers with 8000 miles of navigable sections. Further North the ground rises again slightly and then slopes gently towards Lake Chad.

And to the East is that great crack in the surface of the earth, a crack more than 3000 miles long, a crack which matches upside down and with emptiness, the Rockies and Cordilleras of the Americas. It is the Great Rift Valley extending from the Jordan Valley to the southern end of Lake Nyasa. It is one of the great distinctive features of Africa but except for the presence of two very long navigable lakes inside it, it has no major significance. Of much greater significance is the mighty Congo River and its tributaries.

Now, in this vast tropical zone South of the Sahara, there are cool and healthy uplands, sticking out of the hot bush and damp tropical undergrowth: the Shire districts of Nyasaland; the coffee farms South of Lake Tanganyika and around the shores of Lake Kivu; the whole mandated territory of Ruanda-Urundi (one of the most thickly populated areas *in the world*); three highland strips in Angola, and particularly the southernmost one which became, for a few generations, the home of Trekboers from South Africa, a region which, miraculously, duplicated their own Worcester Valley near the Cape; the Kenya Highlands; the slopes of Mounts Kilimanjaro and Kenya and of the Ruwenzori range, the Bauchi plateau of Northern Nigeria and, of course, the altiplano of Abyssinia.

But the bulk of Africa South of the Sahara and North of the Tropic of Capricorn is an unhealthy, depressing, energy-sapping region which deserves the expert ministrations of Unesco nearly as much as the Matto Grosso of Brazil.

If we now view again the whole of Africa South of the Sahara, we find that water power is very unevenly distributed. South Africa has hardly any while the Belgian Congo has much more than half the horsepower potential (in its rivers) of the whole of Africa. South Africa cannot, anywhere, use rivers for the transport of merchandise while, in the Belgian Congo, there are 1400 vessels and barges transporting cargo, and also passengers, along watercourses.

This self-contained region is a political jig-saw puzzle handled by five sovereign powers, four of which have their headquarters in Europe: Britain, France, Belgium and Portugal. The fifth is South Africa. I discount Spain which has no more than the tip of her toe in Africa South of the Sahara. Then there are two rather weak independent black states; Liberia, which periodically finds it difficult to make both ends meet without the assistance of the United States, and Abyssinia which keeps very much to herself on the very edge of the Africa we are dealing with today.

With the exception of the two Portuguese colonies (Angola and Mozambique) which have identical administrations and colonial policies all the other territories have a different constitutional set-up, different types of administrations and various shades of native policies: near-dominion status in Southern Rhodesia; colonial status (but not identical) in French Equatorial Africa, Northern Rhodesia and in Kenya; protectorates in Uganda and in what are called the High Commission Territories, near or inside the Union of South Africa; indirect rule in Northern Nigeria; colonial status tempered by the principle of trusteeship required by the Berlin Treaty of 1885 in the Belgian Congo; "B" mandates in Tanganyika, Ruanda-Urundi and the Cameroons; "C" mandate and its closer integration with the mandatory power, in South-West Africa; a transition from colonial status to membership of a federation in Madagascar.

Such plurality of control is reflected in a plurality of native policies, from the colour-bar of South Africa, only a little less rigorous in Southern Rhodesia, to the other extreme in French territories:—that is, the granting of the status of French citizen to natives who qualify for it, and access to all professions. In between, there is the Belgian policy, with its lack of industrial colour-bar and occupational segregation but with a social colour-bar and residential segregation. British policy is as liberal, particularly in West Africa, where natives are trained for the highest administrative posts.

However, it should be noted that, though the repressive character of much of South Africa's legislation about natives cannot be denied, and that native political representation is inadequate, *there is* some form of political native representation in South Africa (three members of the House of Assembly and eight Senators who must be of European parentage) while elsewhere in Africa South of the Sahara, there is none at all, except in the French colonies. However, the natives under the French flag may elect men of their own race.

. . . .

Now, the gold, the diamonds, the copper, palm oil, coal, which comes out of Africa, blinds people elsewhere to the fact that Africa is, on the whole, still a poor continent (4½% of the world's primary production from the second largest of the continents), an agglomeration of poor countries,—because the overwhelming majority of the peoples living there are very poor and resources are barely exploited.

Even South Africa is poor, by world standards, and if she had not benefited from what Professor Herbert S. Frankel, of Nuffield College, Oxford, calls a succession of economic "miracles" she would be even poorer.

South Africa which, with the Belgian Congo, is rightly considered the most developed, the most industrialized country South of the Sahara, is *very* poor as Colin Clark showed clearly in "The Conditions of Economic Progress". According to this book South Africa's wealth expressed in international units was, for the period of 1925 to 1934, 276, while Canada's was 1337, Great Britain's 1069 and the United States' 1381. Put differently and for a much more recent period, viz., last year, South Africa, with a national income of about 400,000,000 pounds per annum for 11,000,000 people, has an income per person of only 77 pounds a year.

This is recognized in South Africa by all serious-thinking people not blinded by racial or other prejudices. They admit that as noted in the "Third Interim Report of the Industrial and Agricultural Requirements Commission", a large majority of South Africa's population is underfed, badly housed and poorly educated. The Commission points out that "an acceleration of South Africa's industrial development is essential".

To discuss this single question with some adequacy would need more time and more knowledge than I possess. All I shall say, simply as a pointer, because it has an important bearing on my treatment of Africa South of the Sahara as a whole, is that there is little hope of progress as long as 64% (mainly natives) of South Africa's population continue to farm, since they only produce, on the country's drought-stricken soil, 12½% of the national income. The country is best suited to stock farming. For the rest, there is need to develop South Africa's secondary industries, particularly now, while a fourth "miracle" (the Orange Free State Goldfields) gives the Union a fresh breathing space for putting her economic house in order, while continuing to have (as long as the gold lasts) "the surplus wealth needed to buy from abroad the capital instruments she needs" (I am quoting Professor Frankel).

The first three miracles were: the discovery of diamonds in 1867, the discovery of the Rand gold fields in the eighties and the more recent discovery of large deposits of coal in the Transvaal, coal which can be mined very cheaply: only 1¼ dollars per short ton, pithead price.

South Africa has made a good start (particularly during the recent war), in industrializing herself, and since the war, she has gone out of her way to woo customers in the rest of Southern Africa.

A year ago a "goodwill" trade mission toured the subcontinent to find out what the prospects of increased trade were (during the war they were very good, even with Madagascar) and the mission's report reveals rather than says (through its studied optimism) that a number of South Africa's manufactured articles are too dear to be in a position to compete successfully in the hinterland of

South Africa with similar goods of same quality from say, Britain, America, France, Belgium or Portugal.

One cause is that South Africa skilled work is only done by Europeans. They receive high wages as members of what a Foreign Policy Association's Report has called a "white oligarchy". South Africa needs more skilled workers but still refuses to train and employ its own natives as skilled artisans. However, to satisfy her needs in this respect and also to reinforce the European section (whose net rate of increase is less than the natives') she welcomes immigrants from Britain and Western Europe. In my opinion she will not get all the immigrants she needs and may be forced to open to natives the doors of skilled trades. However, if this were done too quickly or too obviously, it might mean a victory at the polls for the Nationalist Party as many South Africans, including many of Anglo-Saxon descent would turn away from a government who tried to abolish the colour-bar in industry.

I now should like to revert to matters predominantly political: the question of future possible groupings.

Today South Africa has abandoned whatever incoherent dreams of political panafricanism she may have had in the past. Twenty-five years ago she tried to come together, politically, with Southern Rhodesia; but realizing that Southern Rhodesia fears the gravitational pull of a country (the Union) so much larger, more powerful and with such a large European population compared with her own, (i.e. 83,000),—realizing this, South Africa is prepared to wait, and wait quite a long time, until Southern Rhodesia, Northern Rhodesia and Nyasaland have achieved some political integration. Then, relative specific gravities will not be so different and some fusion (not necessarily political) might take place.

Further North we have Kenya, Uganda and Tanganyika Territory, which recently achieved a measure of integration, mainly administrative, by the creation of a central Legislative Assembly, with representatives from all three territories and from the main racial groups.

A larger grouping of these three big groups can be visualized in a rather distant future, but even such an integration of British Africa (excluding West Africa) bristles with obstacles,—such as deep-rooted differences in native policies.

If we look beyond the red areas on the map of Africa, then I cannot see any signs at present of any kind of administrative integration (and certainly not a political one), between members of British Africa and even *one* member of what I like to call Latin Africa. The Portuguese are aloof and secretive; the Belgians of the Congo are co-operative particularly in scientific fields, but fear the thin edge of a South African wedge (more imaginary than real); and the French are developing their own Imperial set-up (i.e. the French Federal Union) which could not, not at present, mix with the British notions about non-self-governing territories.

All that is likely to happen, as Mr. Ivor Thomas, Under-Secretary for the Colonies, indicated a couple of weeks ago in the House of Commons, is collaboration by the British, the French and the Belgians, in solving the common problems of their dependent territories: agriculture, forestry, nutrition, health, education, tsetse, rinderpest. If this can lead up to an African version of the Caribbean Commission, then a great step towards regional planning in Southern Africa will have been made.

. . . .

With regard to the African and his aspirations, my conviction is that rapid political evolution is not of much concern to him and neither is this his primary need. What he aspires to, what we should procure him, is nourishment for his body and his mind, and better, more healthy living conditions generally. Thus, the economic development should *precede* the political. But economic development cannot be carried out (in the light of what I said in the beginning), within the framework of the old method —the old hoe of a shifting type of cultivation. Modern, carefully thought-out methods must be introduced. Such methods need capital, much more than the 440 million dollars of the British Colonial Development Fund, and capital can only come from Europeans, just as the money of the Colonial Development Fund comes from Europeans.

To leave African communities to themselves at this stage, with the franchise and self-government as parting gifts, would be a tragedy for them, though they might not realize it.

I am suspicious of planning on too vast a scale, as such planning is generally done by the state and, before you know where you are, you have to do what the one and only employer tells you to do or you must starve. However, in regions like the Matto Grosse and in tropical Africa,—and even in those parts of South Africa where catastrophic soil erosion leaves little time for the remedial measures of the individual landowner,—planning may be the solution for which there is no practical alternative. The groundnut scheme in Tanganyika is an example of such planning and in principle, such undertakings should be applauded. Such a scheme will have the three-fold purpose of raising the standard of living of the natives of the region, of making that region more salubrious and of increasing the stocks of fats of the world.

Before I sit down I should like to say a few words about defence:

To begin with, we should remember that in Africa there are no potentially hostile powers, either to Britain or to British Africa. The same, as we know, cannot be said of the Middle East. Another reason why Africa south of the Sahara makes a better hub for Imperial Defence is, precisely, that a great desert separates that new strategic centre from the only possible enemy; also because the very vastness of Africa (a friendly vastness as I indicated just now) is better adjusted to the destructive power of atomic weapons. In Central or East Africa one can still achieve dispersal in an atomic age.

Thus the shift of the centre of gravity of Imperial Defence from Egypt to East and to South-Central Africa is a wise move, particularly at this time, when our withdrawal from India, reduces in time of war, the importance of the Red Sea and Suez as the shortest route between Britain and India. And precisely because Britain's main military base will not be in the Middle East, she may be in a better position to protect her interests there, from her new base. What I have particularly in mind is Middle East oil.

It was Liddell Hart who first pointed out the value of the North African desert, as a "desert vacuum", an effective buffer-zone between Britain's new Imperial strategic centre and Russia.

Should East Africa and possibly Southern Rhodesia become (as they seem fated to become) the arsenal and hub of Imperial defence, then the consequences, both economic and social would be great. The creation of training grounds, the building of strategic industries (as part of decentralization of industries), the development of air and land routes (whether rail, river or road) would all assist in the general development of Africa. One could even visualize a speeding up of "functional" co-operation,—in science for instance, such as a drive for the elimination of the tsetse. . . .

And to these British projects (some imminent, some hypothetical) two of Britain's neighbors in Africa would be able to make major contributions:

South Africa, not only with its existing industries and its air force; but also with its coal, which, either as direct fuel of electric power plants or as the raw material of synthetic petrol, would enable new industries to be created, particularly those requiring iron-ore and chrome-ore, minerals South Africa has in abundance and quite close to her largest industrial centre: Johannesburg. Dr. H. J. van Eck, Head of the South African Economic and Social Planning Council, said a year ago in a broadcast that South Africa "could become the cheapest producer of stainless steel and other chrominum alloys". When such developments are at hand, South Africa may well decide to use her large native labour force in skilled occupations, and thus the *major* cause of native bitterness would disappear.

Then there is the Belgian Congo which, quite apart from her other riches and her by no means negligible industries, has, close together in one region (the fairly healthy Katanga), a large copper mining industry and the greatest known deposits of uranium in the world. The Shinkolobwe Mine which is only 100 miles from the border of Northern Rhodesia, exports all its current production to the United States on the strength of a war-time agreement which is about to be reviewed. However, the fact that matters is that a friendly neighbor possesses that rich uranium mine and that it is located in South Central Africa conveniently near a large military supply base.

All these forces and currents may lead, sooner than we think, to some regional agreements in Africa (either economic or strategic or both) within the framework of the U.N. Charter (for strategy, in accordance with Article 52). But, in this connection, it should be remembered that the majority of the territories in Africa south of the Sahara are not politically free. They have their foreign entanglements made for them in European capitals. Thus a regional defence pact for Africa (similar to the Chapultepec agreement about a major portion of the Americas) or some other form of coming-together beyond mere co-operation,—these things are subordinated to similar agreements between Britain-cum-South Africa and Belgium, France and Portugal.

If this were achieved in Western Europe, the integration of Africa would immediately follow.

And then, *then* at last, would we see the rebirth of Africa, as only "continentally" and across all political boundaries, can African problems be successfully solved, can Africa be made a fit place for Africans (and a few others) to live in, and an abundant producer of many of the things (particularly food) the world needs so much.

"LEVIATHAN OR POST-WAR TRENDS IN GOVERNMENT AND BUSINESS"

AN ADDRESS BY

W. F. LOUGHEED, B.A., M.A., ECONOMIST

Chairman: The President, Mr. Tracy E. Lloyd

Thursday, October 23, 1947

From week to week the Empire Club welcomes to its meetings many eminent speakers from other lands and other distant parts of our Dominion, but today it is my privilege and pleasure to introduce to you as our Guest of Honour and Speaker, one born in Toronto, who received his education at the well-known University of Toronto Schools, McMaster University and the University of Chicago.

Our speaker was instructor in Economics at Wayne University, Detroit, and later at Dalhousie University and the University of Manitoba, as professor of Commerce and head of the Faculty of Commerce at that university.

During the period 1940-1944 he was with the Economics Division of the Wartime Prices and Trade Board and also advisor on industrial relations to the Provincial Government of Manitoba.

Our speaker joined the Canadian Bank of Commerce a few years ago as economist and has become widely known in this field, having written several books on Labour-Government Management Relations and Provincial Finance.

It gives me a great deal of pleasure to introduce to you Mr. W. F. Lougheed, M.A., who will address us on the subject. Post-War Trends in Government and Business, Mr. Lougheed:

Mr. President and Gentlemen:

I am honoured indeed by your invitation to address you to-day. If a confession may be permitted, it is that I accepted your gracious invitation with some mixed feelings. For popular consumption it has been said that economists are people who revel in a dismal and dark field of study, and who periodically come forward with gloomy observations. Also, it often is told, with unseemly relish, that when three people, one of whom is an economist, get together for a discussion, you may expect four opinions: the economist being responsible for two of them. At this particular stage of our efforts to shift from a war-time to a peace-time footing, I felt that I might not do very much to dispel these popular conceptions. On the other hand, because of the confused and disturbed state in which we now find ourselves, I felt that I might be of some service to you in presenting what to me appear to be one of two current political-economic conflicts—conflicts which must be resolved before we are to achieve the peace and prosperity so confidently referred to during the latter years of war, and so wistfully considered at the present time.

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Welfare, past and present, has produced many unexpected repercussions and ironical results. What now is becoming clearer and clearer, despite popular observation—or perhaps wishful thinking—is that our economy is not like a coin, labelled on the one side WAR, and on the other side PEACE, and freely negotiable regardless of the face uppermost. Warfare, as witnessed in 1914 and again in 1939, has had the effect of altering, distorting, often changing, the direction of political and economic activity of societies—even societies in remote contact with the battlefields. The war of 1939 served to speed up the inevitable clash of ideals and beliefs which the popular press has tended to label "socialism" and "free enterprise". In the time available to me I plan to consider briefly certain trends in ideas and in governmental activities that have had much to do with the shaping of our existing economic fabric, and undoubtedly will influence the pattern of things to come.

In dealing with the relations of government to business it is possible to set two limits to the social spectrum—from no government to no business. Between the limits I have set out there may be grouped various forms of government, emphasizing the role played. In simplest comparative terms we might have governments designed to protect private property, governments who regulate in the national interest, and governments who control and direct productive property.

To-day we are in the midst of controversy dealing, in effect, with the role of government. Instead of considering such obvious questions as, "How effective are the different types of governmental intervention?" or "Why does the government interfere with business?", the controversy usually takes a moralizing form: "Can profit-makers be trusted?" or "Should government be allowed to ruin private initiative?", and so on. As a consequence, the participants engage in, and the public hears, little debate of the vital issues. In its place there is, on the one side a thorough-going denunciation of all governmental activity, and on the other utter condemnation of business enterprise of any kind. The clash of beliefs is summed up in the rival stereotypes of "socialism" and "free enterprise". Attachment to these ideologies has made their adherents increasingly intolerant of discussion, and as unquestioning in their respective faiths as if these were religious creeds. To the exponents of free enterprise every suggestion of governmental regulation appears as another step in the direction of regimentation, bureaucracy, and the imposition of bondage on free men. To the advocates of socialism everything connected with business activity displays the taint of profits, exploitation of the masses, and a preparation for fascism. On the face of it, of course, since the existing order is said to be primarily "capitalist", the defenders of this supposed system are in an exceptionally strong position: every alteration can easily be pictured as destructive of the foundations of society. At the same time, however, the evident economic difficulties and perplexities facing mankind provide the critics of the prevailing system with ample opportunity for presenting their utopian dreams of a new and better order of things.

Complete "free enterprise" as a principle of our society is as much a myth as "socialism" is a dream, and those who seek to tackle practical problems by reference to these stereotypes are repeating slogans which have no real meaning to-day. Socialism, as advocated by its prophets, is a body of vague and hypothetical beliefs about a "good society" that never existed, and about which we can therefore imagine what we please so long as it is different from the present. Free enterprise is as fictional a principle of modern capitalism as socialism is of its alternatives. Business enterprise has never been "free"; it has always been controlled by innumerable customs, laws, and institutional forms. To-day most observers consider that business is less free than ever. Indeed, the very use of the appeal to freedom is misleading, for both sides use it for different purposes. The free enterpriser stresses freedom *for* business men; the socialist demands freedom *from* the business man.

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Canada and the United States emerged from the war in a relatively unique position. Canada achieved an industrial evolution; the industrial capacity of the United States was greatly expanded. The effective change-over from a peace-time to a war-time economy owes much of its success, in both countries, to governmental direction and supervision. In short, the governments of both countries followed an established, democratic function of government, namely the protection of the state from invasion. But with the termination of hostilities there still is left for decision the question as to the functions and limits of government. It has been said that the United States and Canada now remain the two practising democracies in a disturbed and disillusioned world—150 odd million in a population of two billion, dedicated to the proposition that governments are for the people and not the converse. Amongst the nations and societies surrounding the North American continent there are varying degrees of state control; likewise as between the United States and Canada there are differences in the relations of the government *vis à vis* the people. Two questions of importance face people at the present time.

As I have said, business to-day is not free in the strict sense of the term. Assuming that certain areas of control are necessary, is there any logical method for demarcating the areas within which government and business can expect to function for some time to come? Secondly, is it possible to limit controls or are controls self-propagating, embracing more and more activity, like the ever-widening ripples when a stone is thrown into a pond? These two questions serve to crystallize much of the current discussion.

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Now I should like to turn back the pages of history for a few moments in order to recall certain trends that appear important to an understanding of the role of government. Five periods may be selected for examination:

(1) the mercantilist period in England;
(2) the rise of laissez-faire;
(3) the humanitarian development;
(4) the world war and its aftermath;
(5) the age of total war.

A good starting place is the mercantilist period, at its peak during the 18th century. Mercantilism ushered in what might be referred to as the prelude to modern planning. It must be remembered that England was moving out of the localized type of town economy into a national economy. So also in Europe, sovereign ambition centred on political unification in the hope of power and splendour. The aim of planning was national aggrandizement. Time does not permit of the survey of the rules and regulations passed during this period, from wage and price control to import and export restrictions. If a careful cataloguing were possible it would be safe to say that consolidations of our rules and regulations imposed during the last war would be small in number relative to this period.

Just as rules and regulations of to-day invite black-marketing and other infractions, so historically, as the regulations became onerous they were circumvented. One historian summed up the situation to the effect that "private disregard of merchant list regulations became a mass phenomena." In effect, laissez-faire was practised to a wide degree before it was preached as a formal doctrine. Adam Smith, by formulating in the "Wealth of Nations" the argument of individualism with the authority of a moral philosopher, offered justification for acts that were being performed in bad conscience.

For a number of years after Adam Smith—on into the 19th century in fact—the limited role of government may be noted. While the limits were not as rigorous as Adam Smith suggested, namely protection from invasion, policing powers for the protection of persons and property, and the construction of certain useful public works, certainly tariff and navigation policies were of the most liberal sort.

Towards the latter part of the 19th century certain conflicts emerged, namely, individualism with its expediency on the one hand, and humanitarianism with its control on the other. The changes which occurred through industrialization and the factory system created many social disturbances. In the field of labour, two movements initiated what grew to be a wide body of rules and regulations, namely, factory regulation and the administration of the poor law. These regulations were followed by others in many fields of activity, including communications and transportation.

Now I turn to the new world—North America. Before considering certain noteworthy trends in this area I should like to make one or two parenthetic remarks about the rise of individualism—of laissez-faire. Too little attention in the past has been paid to what might be called non-economic sources of freedom of enterprise. It will be recalled that in the latter part of the 18th, and during the 19th centuries, there developed a strong non-conformist movement, which movement "spilled over" to the new world. Insistence by the entrepreneurial group on removal of restraints to trade is analagous to insistence by Protestant groups on removal of all restraints by the church. A moment's reflection will suggest the inherent individualism in doctrine, outlook, and influence in our Protestant religious organizations. The longer-run influence of the church on business forms and institutions should not be overlooked, nor should the impact of economic change on established forms of religion.

It is reasonable to expect that people moving from an area of established institutions to one where economic and social patterns must of necessity be created, would bring with them many of the ideas and patterns of the society that they gave up. Because our ancestors were motivated by the spirit of freedom—perhaps the Atlantic Charter could be called a re-dedication of their aims and objectives—it appears in retrospect only natural that the kernel of our society would be individualistic.

The war of 1914-1918 for Canada brought to light a function of government that was little practised—the direction of war activities. Following the war there was a tendency to return to pre-1914 patterns of behaviour. But the depression of the thirties brought with it more governmental activity, and the second world war saw the emergence of wider domination by government of the ordinary affairs of individual citizens than was heretofore conceived of by people brought up in the tradition and climate of freedom.

Our concepts of relations of the individual to the state are undergoing profound change. Here I should like to mention briefly two considerations—paradoxical in essence—that are influencing the pattern of thought.

It may be said that we operate under a constitutional system of government. Civil liberties result from a constitutional framework, in part at least designed to protect individual rights. Preservation of freedom within definable and understandable limits distinguishes our form of government from other arbitrary forms regardless of their designation. Here the question of emergency powers enters the picture. The very fact that these powers are related to what are termed "emergencies" implies that they do not come within the provisions of a constitutional system. In the climate of world affairs in which we now find ourselves some of our liberties may be at stake. Unfortunately the pages of history abound with cases where temporary expedients have become patterns of activity.

The fact that we are thrust into an international area to a far greater extent than ever before calls attention to the observations of de Tocqueville in his study "Democracy in America". Here he points out that "it is especially in the conduct of their foreign relations that democracies appear to me decidedly inferior to other governments . . . Foreign politics demand scarcely any of these qualities which are peculiar to a democracy; they require, on the contrary, the perfect use of almost all those in which it is deficient."

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This brings me to what I believe to be a significant point in my dissertation. Recognizing the complexity of forces and factors that make up a modern industrial economy, particularly one engaged in world trade, are we sufficiently informed as to the scope and limits of state planning and the variety of agencies and techniques from which to choose? Nor is this the limit of the problem, for we must be sure that we are all agreed as to the relation of government to the individual.

Almost three centuries ago a book entitled "Leviathan" was written by Hobbes. From his works, together with the writings of Locke and Rousseau, a great influence was generated from which our modern form of government was developed. I believe I summarize the position of Hobbes when I say that he supported absolute government. To paraphrase Hobbes, the people must create a sovereign power: Leviathan, which once created acquires all power. In other terms, once this type of sovereign power is achieved those who made it lose all power. On the assumption of surrender of wills to the will of Leviathan, two or three theorems may be developed:

1. The sovereign is supreme legislator and may make or alter laws.
2. The sovereign cannot be said to injure his subjects, for each of them is the author of all the actions of the sovereign.
3. The sovereign is the agent for the purpose of directing the united strength for the common benefit; but the sovereign is an agent of unlimited discretion, and with authority that cannot be revoked.
4. Any subject who dissents from the institution of sovereignty thereby ceases to be a member of the community and can be disposed of summarily.

The question I pose, and leave with you, is whether we, as individuals, are surrendering bit by bit our powers as such, to the end that some time in the future we shall have created a 20th century Leviathan based on a 17th century model.

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The position of Canada to-day, faced on the one hand with programs designed to maintain a buoyant domestic economy, and on the other with the need to trade in order to stabilize a high standard of living, invites a great deal more thought than is presently indicated. So far there are evidences which tend to encourage optimism centering on the fact that group interests have not become solidified. There is still a division on the key issues that affect the free market, such as price controls, rationing, industry-wide collective bargaining, and the like. Here I should like to suggest a *caveat*. To fail to note a fundamental inconsistency in the application of restrictive measures to a free market, in the name of preservation of that free market, is to invite the ultimate emergence of an economic "iron lung" type of economy fed by governmental oxygen.

It is a matter of considerable concern to witness such a clash of interests as we do to-day. Objectively speaking, our economic accomplishments have been prodigious in terms of our population and resources. Many nations of the world now are depending upon Canada and the United States for practical aid. Who would imagine that in the light of our war effort and our assistance to Europe we could be impelled to abandon the basic conditions which made these contributions possible, and to copy the pathetic example of countries whose programs and five year plans are a pale and drab counterpart of North American efforts?

Possibly international chaos requires temporary control of our economy. If this seems reasonable, then let us underline the word *temporary*. This means that, as a long-run objective, we can raise our sights and work for a liberal form of political economy.

As a confession of faith then, I suggest that orderly progress is not likely to emerge through novel schemes, nor from political opportunism. We have developed principles of policy and a constitutional framework that have long been subject to reflection and disinterested study. In fact our background of knowledge contains much useful wisdom and many errors have been recorded. I find it difficult to support the *ad hoc* approach, for shortcomings in programs and schemes have not been revealed.

In the final analysis there are really only two types of organization, economically speaking: the totalitarian and the liberal. One suggests control of markets, consumption, production, and capital; the other suggests relatively free trade, free movement of private capital, and individual liberty. In supporting the liberal position one may be accused of being a visionary. But so is a durable and lasting peace visionary. In short, I believe that peace will be maintained or will disintegrate on the issue of freedom of trade and all that it stands for. The good future of the world is the good future of small nations.

"THE INVESTMENT OF FRIENDSHIP"

An Address By

JOHN GOURLAY BRIDGES, M.B.E., F.R.G.S.

Chairman: The President, Tracy E. Lloyd.

Thursday, October 30, 1947

Honoured Guests, Ladies and Gentlemen:

If we believed all the reports we read about the Old Country and its present austerity, we would not think that visitors would be welcome over there. The facts, however, are entirely different than that belief and we will learn today, no doubt, that tourists are being welcomed with the same degree of hospitality as in pre-war years.

Our Guest of Honour today is Director General of the British Travel Association and the new British Tourist and Holiday Board. Our guest was born and educated in Glasgow, entering the shipping business at an early age and served these interests in British Malaya and the East Indies. After returning from Malaya, our guest carried out lecture tours for the Overseas League and the English Speaking Union in Canada and the United States, acting as General Secretary of the Overseas League in Canada, during the period from 1936 until 1938 and later was General Tourist Manager for the Donaldson Atlantic and Cunard interests.

Commissioned in the Royal Air Force soon after the outbreak of war, our guest became Personnel and Embarkation Officer for the Port of Liverpool where he came to know thousands of Canadians in the R.C.A.F. For his outstanding war work he was awarded the M.B.E. (Military Division). On demobilization in 1945 our guest assumed his present duties, which involve world wide travel, expounding the gospel of tourism in Great Britain.

Our guest is a Fellow of The Royal Geographical Society and The Canadian Geographical Society and is also a member of The Institute of Journalists and The London Press Club. He is a Life Member and Central Councillor of The Overseas League and a member of The English Speaking Union.

I have a great deal of pleasure in introducing to you MR. JOHN GOURLAY BRIDGES, M.B.E., F.R.G.S., who will now address us on the subject:

"THE INVESTMENT OF FRIENDSHIP"

MR. BRIDGES:

Mr. Chairman, Members of The Empire Club of Canada: I little thought when I spoke here from this platform in 1938 that what I then said would be so amply and fully borne out in the actual events that followed. I remember stating on this very platform that the hope of civilization depended very largely upon a united British Commonwealth, allied to a strong English-speaking understanding and co-operation.

In 1939 that statement was more than borne out because then the acid test of total war brought the various units of that Commonwealth up against the decision to come in with the United Kingdom and fight for something which all of us believe to be worth more than life itself. Those of you in Canada here who remember that meeting will also remember that at the time there were various schools of thought, some of which felt that we were being over-pessimistic as to the forces that were arrayed against the idealism of a free democracy.

Well, in 1947 I find myself back again in Toronto, speaking on the same platform to an audience which I am sure believes even more fully today in what I then said than it did even in 1938. Surely, my Friends, the events that have taken place during those intervening years have convinced the most skeptical that a United Commonwealth, united in its determination to fight and to stand together for freedom is essential to a real and lasting peace. Canada has by its practical example and sacrifices given to us in the United Kingdom a feeling of strength and confidence which, believe me, is a very large contribution toward a national morale, and as in the days of war when the dark clouds of destruction seemed to be closing in on those little islands, so in the days when the economic blizzard threatens us from all quarters, we feel strengthened and encouraged by the knowledge that with us, behind us and alongside us at all times we have the British Commonwealth of Nations.

I am a great believer in that Commonwealth and therefore I can stand here on this platform today and reaffirm the beliefs which to me have all my life meant more than I can tell you. I am proud to think of the way in which Canada has backed up not only the war effort, but in the postwar years has shown by her example and her practical sympathy and understanding that she is one hundred per cent. behind us in this battle for Freedom.

In the days of the war the forces arrayed against us were tremendous. At one time they were seemingly overwhelming. In the days of so-called peace the forces arrayed against us are equally powerful and more dangerous because they are not always appreciated and understood. Today the fight that is going on all over the world is a fight against the ideals and the Christian principles for which the British Commonwealth stands and I have no hesitation in saying today that those principles are bound to win.

There is a lot of loose talk about the pessimistic and hopeless outlook today. There is a great deal of depression created by a lack of confidence and courage and much of that depression can be attributed to a lack of belief in the ideals which made us what we are today and which made Canada the nation it is today in the Council of Nations. I say without any hesitation that unless those ideals remain and unless those ideals are uppermost in the minds of every Canadian and every subject of the United Kingdom then nothing but chaos and constant trouble can be our lot.

You know as well as I do the part that was played by your men alongside our own in the years of the war. It was my privilege to be very closely associated with the Royal Canadian Air Force, many of whom became my close friends and many of whom today in this country still communicate with me. In those days we had a feeling that we were united together by a bond that was stronger than any materialistic bond. We were united by a feeling that we belonged to each other, that we were a family, and that in time of trouble, members of the family rallied and helped the others.

That was in the days of the war. Now, in time of peace, we find that after six years of total war in which the nations of Europe and the world concentrated their entire efforts, their economies and their power on the total destruction of each other, we find that we are faced with making up in the shortest possible time the destruction and the havoc of six hard years, and let me say now that we in the United Kingdom are determined to tackle that problem and deal with it as we tackled and dealt with the problem of the war.

My visit to the American Continent at this time has a three-fold purpose. It is first of all to say to our friends on this Continent that Great Britain is today not dying or a spent force or dead, but is vital, living, and determined to lead civilization as she has in the past. That I say to you in all sincerity and with every possible emphasis.

I say also that in the United Kingdom today the men and the women who comprise that nation are working and working hard to re-establish prosperity. I don't want you to believe that the people in the United Kingdom are slacking. It is completely untrue. And I ought to know because it is my task and my job to get around the country and see for myself what is happening in the factories and the workshops of the United Kingdom.

And my third mission is to say to the people of the American Continent, come over and see us for yourselves, and then come back, having met us, knowing us, and seeing our problems at first hand, come back again, we hope, convinced ambassadors of good will.

Which brings me to the subject that your Committee has put against my name today: "Investment in Friendship". My friends, there is no investment in the world which pays such a rich dividend and which is so pregnant with possibility for lasting peace as this investment in friendship, and I think today that every unit of the British Commonwealth must look around and see how they can best invest in friendship, how they can best assist each other.

Do not misunderstand me when I say that as in the case of individuals, so in the case of nations, men do not live to themselves alone. There is no country in the world that can sit down and say, "My storehouses and my barns are full, I will take mine ease", because the welfare and the prosperity today in a changing world is the welfare and prosperity and happiness of all and not of one.

What happens in Europe is of supreme importance to the people on this Continent, and to the people in the southern Continent, and what happens here in this Continent is of supreme importance to us in Europe.

I speak in that matter from experience as Honorary Secretary of the International Union of National Tourist Organizations, and there at the conference table the forty-three nations assemble and discuss the problems which concern me here, principally. We find that in the heart of hearts of each of the delegates there is a knowledge and a certain understanding of the fact that each one of us is linked inevitably with the other, and that is why I was proud that the London Conference—again, Great Britain was responsible for the convening of that Conference—met and discussed all the various problems affecting the free movement of the peoples of the world, and, My Friends, the unanimous decisions taken there have had amazing repercussions in all parts of the world.

I mention forty-three nations, and those of you who have any experience in dealing with international conferences will know how difficult it is to get unanimity where forty-three nations are concerned. In every human heart there is at bottom a great deal of good and in any endeavour to arrive at unanimity on important matters the thing that must be killed is selfishness, greed, and a desire to attain control to the disadvantage of others. These forces are always in evidence and we may make up our minds to the fact that in every sphere of life they will continue to be in evidence, but they must be fought and they must be fought in the spirit which the Empire Club of Canada exists—to fight for a United Commonwealth of Nations.

I mentioned that we were unanimous and that the repercussions had been significant. Among those repercussions you may count the abolition of visas between many countries, the removal of frontier controls and barriers, the decision to standardize international tourist statistics and the decision to make as far as we possibly can the free flow of peoples between the countries a rising and ever increasing tide. Unfortunately, at the moment temporary difficulties of currency control and exchange have interfered. They have not in any way nullified the effectiveness or the significance of the decisions taken at the London Conference, and subsequently ratified in Paris only this year, but I will say this, that the finest investment in Paris that any nation can undertake is the investment represented by tourists, the free movement of peoples from and to the shores of that nation. By meeting people face to face, by talking to them, understanding their problems, seeing something of the psychology, their ideologies and their national customs, the mind becomes attuned and becomes receptive of the idea, the idea which I firmly believe in of the brotherhood of man. And sooner or later whether we shall see it or not, the world must get together, must work together and must agree to help and forward the welfare of each of its constituent units.

In any family there are bound to be differences of opinion and there are bound to be differences of ideas, but as in the case of families, those differences of opinion and ideas can be ironed out, so in the case of nations I see nothing to prevent those differences being ironed out around the conference table.

I am a firm believer in the United Nations and all that it stands for. I am a firm believer in the British Commonwealth of Nations and its power for good which has in the past, in spite of what anybody may say, been proven.

We, who are interested in the movement of the free peoples of the world, are convinced that that is one way in which we can help and in which we can pay rich dividends in good will.

I know that the tourist industry has an economic side. I am interested in that economic side, and I could spend a very long time giving you facts and figures which would convince you that of all our industries in the United Kingdom the tourist industry, a great invisible export, ranks right at the top.

Today on this platform, my aim and object is not so much to draw attention to the economic advantages of tourism, as to draw attention to the more important advantage of tourism as an investment in friendship. We know that the people of one nation get peculiar ideas about the peoples of other nations. We know that unless and until they meet each other and exchange views they are liable to be biassed and prejudiced against each other, and in my opinion travel, with its personal contacts and its close friendships formed, can do much to remove those prejudices and those wrong ideas.

During the war thousands upon thousands of young men came across to the United Kingdom and spent their time there meeting our people, in their homes, in billets, in our great military camps, and they contributed in no small measure to even the road building of our country. Today those men are back again in Canada, and today I am certain that many of them think of the time when they shall return to the United Kingdom to see old friends, see familiar places and get to know the people whom they knew in the dark days of the war.

The British Travel Association recently put forward in Canada a movement known as *Operation Friendship*. Some of you who read your paper, and I hope all of you do, would notice a full page advertisement there, headed *"Operation Friendship"*, with a message from His Majesty The King, inviting every Canadian veteran to become an Honorary Overseas Member of the British Travel Association. We sent to 33,000 Canadians who applied for membership cards and notices telling them the privileges that were theirs as Honorary Members. That card is today held by 30,000 veterans in this country and applications are still being received for the privileges of Honorary Membership at the rate of some hundreds per week.

Why did we put out that *Operation Friendship* notice? We put it out because we want those men who experienced the difficulties and the dangers of war to come and see us in time of peace and get to know us in a different set of circumstances.

I should be very foolish if I did not admit today that in Great Britain there are shortages. I should be extremely ill-advised if I did not admit and admit freely that we are passing through a difficult stage in economic affairs. But I will say this, that in spite of our difficulties and in spite of austerity, the United Kingdom is still the most favoured and the best tourist country in Europe. That is a big statement to make, but I make it on no less authority than the result of thousands of questionnaires which we put out to American and Canadian investors, asking them to give us their opinion and their reactions to their visit. Those questionnaires came back and I am proud to say that in every case there was this significant statement: We have been surprised at the service, the courtesy and the friendliness of the people of the United Kingdom, and we intend to make a repeat visit.

I think these questionnaires give the lie to some misapprehensions that have existed on this continent and I say, even today, come over to the United Kingdom. See us, meet us, and what will you find? You will find a nation where there is even distribution of what there is available. You will find a nation struggling and working hard to bring about a return to prosperity. You will find a nation in the throes of a tremendous period of change, a period which was bound to come to any nation after six years of struggle and war such as we went through. Above all, you will find a friendly, warm-hearted people, who understand and appreciate and love you and know that behind them and with them and alongside them stand the people of Canada to the last man.

And that, My Friends, means a great deal to us in days of difficulty and in days when we are faced with problems of some magnitude. We are not afraid of the problems we have got to face. We have faced problems bigger before and defeated them and in asking you to come and see us I have no hesitation in saying that when you come you will share with us in our life and you will find much that is worth while.

As I came from my home in Kent to Southampton for this voyage I travelled by road and I went through some of the beautiful leafy lanes of Kent, with their gorgeous autumn tints, their general friendliness and their general feeling of comfort, security and solidity, and then through the widening lanes and the little villages of Surrey, down to the coast. And then I had a feeling which I think would be the feeling of any Canadian visiting that glorious country. I felt proud of the fact that I was British.

I did not come, as I have said before, to brag or to beg. I did not come to condone or to condescend. I shall always be proud of the fact that there in the land of my birth is beauty, peace and security, such as is not surpassed by any other country, that there is the home and the beginnings of a great ideology which has stretched across the world, which has carried the name of that little country to the furthest corners of the earth, and which today is responsible for the fact that here on my left hand flies the Union Jack.

My Friends, I have tried in the few minutes at my disposal, because I really could take at least an hour and a half to give you any adequate picture, I have tried to tell you that visitors from this continent will be welcome not only for the sake of the dollars, because although dollars and cents are an important factor, and I am sure that my banker friends around the table here will agree with me they are all important in the structure of civilization, they are small and insignificant compared to the important factor of spiritual idealism. Without that idealism the dollars and cents are worthless and useless and you can pile up dollars and cents by the million and you can pile up gold reserves and you can pile up anything you like, it will never take the place of a sound understanding and a solid friendship.

My Friends, today as I speak to you we have in Australia and New Zealand, my colleagues speaking on the platforms there, taking this message to the people of those great nations. In Canada it may seem to you that in speaking from this platform I am rather like the minister who is preaching to the converted, but in doing so my hope is that my message may spread to further fields, may reach other people who at the moment may not have exactly the same feelings on this subject as you have, and I hope that they on thinking this over and on reflection will agree with me that travel, free travel and movement of peoples between the nations is one of the finest investments in friendship that any nation can make.

Canada can help. Canadians, far from eating the rations of a starving population, will be contributing to the economic prosperity of the nation by visiting us, seeing us, getting to know us, and using our services.

And I think I cannot do better than to close my remarks today—I promised the Chairman I should not speak too long—with a little verse which I have carried around with me for quite a long time and which from the bottom of my heart I commend to you and to all connected with you:

> These things shall be: a loftier race
> Than e'er the world hath known, shall rise,
> With flame of freedom in their souls
> And light of knowledge in their eyes.
> They shall be gentle, brave, and strong,
> To spill no drop of blood, but dare
> All that may plant man's lordship firm
> On earth, and fire, and sea, and air.
> Nation with nation, land with land,
> Inarmed shall live as comrades free;
> In every heart and brain shall throb
> The pulse of one fraternity.
>
> John Addington Symonds.

"HISTORIC, ECONOMIC AND SOCIAL DEVELOPMENT IN NEW ZEALAND"

An Address By

THE HON. JAMES THORN,

High Commissioner for the Dominion of New Zealand to Canada.

Chairman: The President, Mr. Tracy E. Lloyd.

Thursday, November 6, 1947

Honoured Guests, Ladies and Gentlemen:

It is my privilege and pleasure to introduce to the Empire Club of Canada the Hon. James Thorn, High Commissioner for the Dominion of New Zealand to Canada and a representative at the United Nations Assembly, Lake Success, New York.

Our guest of honour was born in Christchurch, New Zealand, and as a lad of seventeen was in the South African war in the Third New Zealand Contingent (Canterbury Rough Riders).

Our guest is a pioneer of the Labour Movement in New Zealand, having formed the Independent Labour Party over forty years ago and in 1931 was elected National Secretary of the Labour Party, holding this office until he was elected a member of parliament for Thames in 1935.

Mr. Thorn led the New Zealand delegation to the International Labour Organization Conference in Geneva in 1938, was Chairman of the New Zealand Sea Fishery Commission and Chairman of the Parliamentary Select Committee on population in 1946 and since 1935 has been a member of the Maori Affairs and Public Accounts Committees of the House of Representatives and Deputy Chairman of the Tourist Development Committee. In 1943 he was appointed Parliamentary Under-Secretary to the Prime Minister and in May of this year was appointed High Commissioner to Canada.

We are very happy indeed to welcome the Hon. James Thorn, who will now address us on the subject:

"Historic, Economic and Social Development in New Zealand".

Mr. Thorn:

When I accepted the appointment as New Zealand High Commissioner to Canada, and realized that I would have to address Canadian audiences, I wondered whether I could come across any event in New Zealand's history which would associate us in any way with the people of this country. I found several, but today I will content myself with a reference to one which is of some importance because of personalities connected with it who deserve to be remembered.

If you visit Wellington, the Capital City of New Zealand, you will find that the principal street in the business area is called 'Lambton Quay'. And thereby hangs a tale! In 1837 there was a rebellion in Canada. There was bloodshed and men were killed. When it collapsed the British Government sent here as the Governor of Canada, the first Earl of Durham. The Earl acted with great leniency towards the rebels, and it was he, who in 1839, presented to Queen Victoria's Government, the famous Durham Report, which led to the institution of responsible government in Canada. The family name of the Earl was John George Lambton.

On the staff of the Earl of Durham while he was in Canada was a man who became very prominent in New Zealand history. He was Edward Gibbon Wakefield. The Earl of Durham's Governorship in Canada was very short, and when he returned to Great Britain towards the end of 1837, he and Wakefield, and a few others, formed the New Zealand Land Company—an action that was certainly a great landmark in our history. This Company organized and dispatched from England, the first group of immigrants who succeeded in establishing themselves in New Zealand. They landed towards the end of January, 1840, in the port where Wellington now is, and when the town developed it was natural that its main thoroughfare should receive the name of the statesman who was so keenly interested in the colonization of the new land, of which afterwards it became the Capital.

WAKEFIELD AND THE TREATY OF "WAITANGI"

The ideas of Edward Gibbon Wakefield have provided material for controversy in New Zealand for many years, but his work as an active spirit in the New Zealand Land Company was certainly one of the decisive factors that caused the British Government at the time to move for the incorporation of New Zealand within the British political system.

When the New Zealand Land Company was in the initial stages of its operations, the British Government was coming under the influence of advice given it by Church of England and Methodist missionaries in New Zealand that to protect the Maoris from ruthless exploitation by the Europeans who were already there and others likely to come, the British system of law and order should somehow be introduced. With this in mind the Government did not regard the Company very favourably, and in fact it was so hostile that the Company's first ship to New Zealand sailed from England in defiance of it. The Government's immediate reaction was to instruct a British naval officer, Captain William Hobson, to proceed to New Zealand for the purpose of negotiating a treaty with the Maori's which would establish Queen Victoria's sovereign authority over New Zealand territory.

Captain Hobson arrived at the Bay of Islands at the beginning of February, 1840. He met the Maori chiefs on February 5th and explained to them the proposals he had in mind. The next day he and the Maori chiefs signed the document known as the 'Treaty of Waitangi', by which act New Zealand became formally part of the British Empire.

The treaty expressed a sincere concern for the welfare of the Maoris, but, to make a long story short, that part of it which dealt with land transactions led to tragic misunderstandings. War broke out between the Maoris and the British in the North Island and in the South, and hostilities of a very serious character marked practically the whole of the decade between 1860 and 1870.

The point I am making here is that not until 1870 did New Zealand enjoy an opportunity of development undisturbed by War within its own territory, so that virtually all the facilities and amenities of civilization you will see there when you pay us a visit, have been created since that year, and that by a population in which the adults exceeded one million for the first time in the Census taken in 1945.

NEW ZEALAND AND RESPONSIBLE GOVERNMENT

Now before I proceed, may I make another brief reference to an historical event in which both the Earl of Durham and Edward Gibbon Wakefield exercised a fruitful influence?

The British Government passed the New Zealand Constitution Act in 1852, but when the first session of New Zealand's first Parliament opened on May 24th, 1854, it was found almost immediately that the Constitution did not provide for responsible Government.

Edward Gibbon Wakefield was a member of the House, and on June 2nd, he moved a resolution asking that there be accomplished without delay *"the establishment of Ministerial responsibility in the conduct of Legislative and Executive Proceedings by the Governor"*: and it is an historical fact that the public opinion in New Zealand that supported Wakefield, and in deference to which the British Government agreed to concede responsible government, derived its inspiration largely from the "Durham Report" on the same matter as it affected Canada. So you will see that our two countries, in their early history particularly, were bound by intimate political ties and by statesmanlike personalities.

POLITICAL AND EDUCATIONAL ACHIEVEMENT

It will be noted from what I have just said that from its earliest days under white occupation, New Zealand has been guided by democratic principles, and any study of its history will show that, from the beginning, the best of its people have been animated by the idea that good citizenship, sustained industry and prosperity largely depend on the widest political freedom and a good education, together with just and humane economic conditions.

A few facts will indicate part of our achievement. New Zealand's population is slightly more than 1,750,000, 104,000 of whom are Maoris.

In 1879 adult male suffrage was enacted and in 1893 our women were enfranchised. In 1867, legislation was passed giving the Maori's separate parliamentary representation. Today every man and woman over 21, including the Maoris, has the right to vote in the Parliamentary elections. The Maoris elect four of their race to a House of 80 Representatives, and one of their Members of Parliament is a member of the Cabinet. Politically speaking, therefore, democracy has a 100% application in New Zealand.

As to our educational system, the principle on which New Zealand has been working is that educational facilities should be free from the Kindergarten to the University, and with some qualifications as to accrediting and examinations, this aim has now virtually been reached. Although there are some private schools, mainly run by religious institutions, at least nine out of every ten children attend the State Schools, which are of the primary, post primary, technical and university characater, The State Education System is free, secular, and compulsory, and has been so from the year of its introduction.

Roughly 250,000 children attend our primary schools, and as each of them is an asset to the State, the Education and Health Departments look after their health as well as care for their minds. They all receive a pint of milk daily, or where circumstances make this difficult, other milk products, and in the apple season an apple a day to each school child is provided at the public expense. In addition, a free dental service, staffed by hundreds of dental nurses trained by the Government for the purpose, is supplied, and last year 168,500 children in 2,203 schools received dental attention in clinics attached to the schools. All these services are, of course, enjoyed by the Maori children.

The Government recently announced its intention to extend the dental service to adolescents up to 19 years of age as a benefit paid for from the Social Security Fund, and this has been approved by the organization of the dentists in private practice.

SOCIAL SECURITY

Now that I have mentioned Social Security, you may be interested if I say this about it: Its aim is to prevent in New Zealand the poverty that can result from the hazards of life and any weakness in our economy, and its effect has been to turn our Dominion into a Friendly Society with a compulsory membership that covers the entire population.

The Social Security Fund is raised by a tax of 7½% on wages, salaries and all other forms of income. The money so provided is subsidized from the consolidated fund, with the result that this year approximately £45,000,000 will be available to pay for the benefits set out in the legislation.

These benefits are of a dual character—those paid in money, such as universal superannuation, and benefits for old age, chronic invalidity, widowhood, miners' phthisis, family allowances, sickness, and unemployment:—and those received as free maternity treatment, free medical attention in the public hospitals, next to free attention by the medical practitioners in private practice, and free medicines. The fact is that the Social Security Act is the most popular piece of legislation passed by any

New Zealand Government, no political party is opposed to it, and the cost can be borne without financial inconvenience so long as our industries by sustained and intelligent work can maintain and increase our present national income (£320,000,000 last year).

INDUSTRY AND COMMERCE

Now a short reference to our Industry and Commerce: as to our export trade our primary industries are of the highest importance, being essential to our economic progress and the maintenance of our standard of life. In this respect they are the greatest of our industries, but it would be wrong to deduce from this that New Zealand is a purely agricultural and pastoral country.

During the past ten or eleven years particularly, our secondary and manufacturing industries have made a rapid development and without them it would be physically impossible to succeed with the full employment policy to which the Government is pledged and to which we are bound by the Charter of the United Nations.

Since 1935 the number of our factories has increased by 23% to the 6,500 that were operating in New Zealand last year. In these factories last year 141,000 workers were employed as against 86,000 in 1935. The value of the output has more than doubled—last year it was £160,000,000 and the aggregate of the wages and salaries paid has been nearly trebled. It cannot be questioned that much more progress would have been made had there not been serious limitations on the availability of labour and of raw materials.

As far as our agricultural and pastoral industries are concerned they have the advantage of a mild and temperate climate, but even so their very great achievement would not have been possible had our farmers generally not been competent and enlightened.

I dislike mentioning figures in a case like this, but I hope these won't interfere with the digestive process:

The total area of New Zealand is 66,390,000 acres, of which 43,000,000 are occupied. Of the occupied area

20,000,000 is under pasture, crops, plantations and orchards.

Some of the animal statistics are as follows:

Cattle—4,628,000 of which approximately 2,000,000 are dairy cows.

Sheep—33,975,000.

Pigs—601,000.

Last year (1946) our farmers produced:

Butter—192,000 tons.

Cheese—103,000 tons.

Meat—537,000 tons.

Wool—166,000 tons.

Here is some interesting information:

New Zealand last year exported to Great Britain nearly as much buttter as Australia and Denmark combined; we sent to Britain 230.000 cwts. of cheese more than did Canada and Australia put together; and we also sent as much meat to the people of Britain as was exported from both Canada and Australia.

This year we hope to export to Britain 100,000 tons of butter, 100,000 tons of cheese, and over 350,000 tons of meat. To put it shortly, New Zealand is the largest exporter of cheese, mutton and lamb in the world; one of the chief exporters of butter; and the third largest exporter of wool.

In the total of our exports and of our imports (exports $320,000,000, imports $230,000,000 in 1946). New Zealand is per capita of its population the greatest trading nation on the earth, so that although we are a small country, we can speak continentally when it comes to buying and selling in the world market.

Not a bad achievement in a country where the adult population is just slightly more than a million!

TRADE WITH CANADA

This brings me to a matter in which you will be all acutely interested, that is the trade between New Zealand and Canada. Much as we would like to increase it there have been difficulties. I am dealing now with the difficulty that existed before Britain recently refused to convert sterling into dollars. In the past nine years, New Zealand has exported to Canada goods to the value of £21,634,000 and imported from Canada commodities valued at £43,837,000. In this period New Zealand's adverse balance of trade with Canada has amounted to £22,203,000. (At 4 dollars to the pound nearly $90,000,000.

In 1946 the position was:

New Zealand Exports to Canada	£2,689,000
New Zealand Imports to Canada	£4,656,000
Adverse Trading Balance—for New Zealand	£1,967,000

or supposing our pound stood at $4, an adverse balance against New Zealand of about $8,000,000.

Now the balance can only be paid for with dollars, and the only place from which New Zealand can get dollars is the British dollar pool. If, therefore, New Zealand has to be restrained in purchasing from Canada, it may be because of a feeling that Great Britain needs the dollars more than we do.

Apparently New Zealand is very much in the same trading position with Canada, as Canada is with the United States, and I have, therefore, no doubt that New Zealanders will be keenly interested in the steps Canada will take to solve this somewhat difficult problem.

CONCLUSION

May I in conclusion, turn from this business of money-making and the accumulation of wealth to refer to something of even greater concern to us all as individuals. We are living in a world where mundane considerations like these might become meaningless overnight.

Men can build a great city and put into it generations of work, genius and loving care, but an atomic bomb may be dropped on it, and in a flash it may be shattered, along with the men, women and children who gave it life.

I have wondered lately whether mankind has learnt very much from the two tragedies, the two world wars it has suffered within our generation, but I personally am certain of two things: One is that the unity, strength, democratic traditions and way of life of the British Commonwealth are examples that can serve the civilization of the world, and another is that if we really do want peace, the United Nations must be given power and vitality by active, informed and resolute public opinion. We believe this in New Zealand. As you know at San Francisco, our Prime Minister, Peter Fraser, played an outstanding role in the initiation of the United Nations. His reason was very simple. He knew, as we all do, that with the atomic bomb and worse in the offing, a potent alternative to the courses that lead to war must be found, or trade and industry declarations against fear and want, Atlantic Charters and so forth may easily become myths, and men be too broken and terrified and ruined even to feel cynical about them.

Well, let Canada, your great land, and New Zealand, in any case join hands across the seas, strengthen the ties of sympathy and understanding, and so far as opportunity serves us, work to make our world truly one world in which men can co-operate in peace and be sure that their industry, their genius, their science and arts will bring to them all the good and happy life.

"WHAT IS THE OBJECTIVE IN INSTALMENT SELLING"

AN ADDRESS BY

WILLIAM J. CHEYNEY, A.B., A.M.
Executive Director Retail Credit Institute of America

Chairman: The President, Mr. Tracy E. Lloyd

Thursday, November 13, 1947

HONOURED GUESTS, LADIES AND GENTLEMEN:

The Empire Club of Canada extends a warm welcome today to our guests—members of the Canadian and Toronto Jewellers Association, and this meeting of our Club has been arranged with their co-operation.

We also welcome as our guest of honour and speaker—Mr. William J. Cheyney, A.B., A.M., executive director of the Retail Credit Institute of America with headquarters at Washington, D.C.

Our guest is a graduate of George Washington University and Rutgers University and was formerly a Professor of Economics and Banking and head of the Department of Business Administration at Rider College and has been consultant and adviser to many large business organizations in the U.S.

From time to time we hear discussions in connection with the merit and demerit of instalment selling and the economic and social involvements in consumer credit as a function in private enterprise. Today an expert will discuss this question.

Our guest made his initial appearance in Canada at Quebec City, where he acceptably addressed the Annual Meeting of the Canadian Jewellers Association, and I have very much pleasure indeed in introducing Mr. William J. Cheyney, A.B., A.M., who will now address us on the subject:—

"WHAT IS THE OBJECTIVE IN INSTALMENT SELLING"

Mr. Cheyney:

I doubt that one could pick a more difficult or more interesting time to attempt a talk like this. Probably the reason for the invitation to talk to the Empire Club of Canada was the interest some Canadians derived from a talk I made last winter at Quebec on the importance of continued, encouraged use of consumer credit in domestic distribution. Some of this interest may have been aroused by the attempt I made to relate the future of an expanding use of instalment credit to the world economic-social situation.

The things that have happened to our economics, yours in Canada and ours in the United States, since last February and the closing in of world conditions upon us make me feel more than ever that the philosophy behind that earlier talk is still sound, but they raise the question of whether today I should talk to you of world conditions as they relate to consumer credit or about consumer credit pictured against the greater background of world conditions. My choice of approach should depend upon a knowledge of who you are and where your own interests lie for the difference in approach is one of emphasis only.

Strangely, you may think, I believe that there is a vital relationship between the proper continued use and expansion of consumer credit and the national world situations in the era ahead. Of course, you will be thinking that the relationship between the two has a Mohammed-mountain flavour. But I think possibly you may be interested at least in exploring what I have in mind.

There was a serious editorial written recently in one of our larger newspapers commenting on a recent statement of the National Diaper Services Association in the United States. The Association said that one of the only ways to assure peace in the world tomorrow is to take the time and effort necessary to assure the babies of today of a comfortable adequate diaper service, pointing out that an irritation experienced in the earliest days of babyhood psychologically and psychiatrically may become the cause of irritability and pugnaciousness in adulthood. The editorial picked up this claim and seriously opined that possibly the Diaper dispensers had put a finger on one of the most vital, possibly most fruitful means of doing away with the underlying causes of war. The editorial warned Americans not to laugh off the chance that if the Russian children of today could be diapered properly, we may be less apt to face war with them tomorrow, that we might well consider this "need" as we spend our funds on other types of aid for the peoples of the world.

When you consider what I have to say about consumer credit, I do not ask you to forget that it is but a drop in the great bucket of national and international questions, problems, and possibilities; but just that you think with me about its ultimate ramifications.

With the Congress of the United States just about to reconvene to consider aid for Europe and the anti-inflationary safeguards necessary to make it possible, there has been a lot of talk, even a suggestion from the President of the United States and his economic advisers, that a principal point in the program should be the re-enactment of consumer credit controls. I have no interest in talking to you about federal credit controls, except to say that consumer credit in the United States *was* strictly controlled until November 1, was actually under control when the President made his suggestion. Whatever else may have caused our inflationary situation, consumer credit didn't. It was "under wraps" at the time. The President is in the position of saying to Congress and the people, "We face a dire emergency with respect to prices and one of the four or five major cures I suggest is to reinstate some controls which have not yet been lifted. On the face of things, it looks as if our President looks for a whipping boy, knowing the real causes of the situation are too elusive or too hot to handle politically.

In 1941 when our credit regulation was first put into effect, top officials of the Federal Reserve System admitted that whatever might be their objective, it would thus be achieved by yoking once more the economic activities of those who are less fortunate economically, for no sugar-coated device could be found to check distribution by laying the hand of government upon the more well-to-do. All through the era of Regulation, these officials, though never publicly, kept admitting that whatever good there was in the regulation was squeezed out of hamstringing the poorer people in their everyday buying, without touching the purchasing habits of those with ready cash by virtue of earning capacity, the Grace of God or inheritance.

Now, within six months of the time Congress legislated the controls out of existence effective November 1, the Administration turns again to the poorer people, suggests that the inflationary spiral be checked, aid to Europe provided, by reinstating class-economic controls upon the common people.

Abraham Lincoln said, God must have loved the common people for he made so many of them. Benjamin Franklin, you remember, said that he was always perplexed at all the talk about the common people because he did not understand that there was any other type. But governments have always considered the less fortunate economically as pawns, the easy political guinea pigs upon which to foist regulator and experimental measures thought suitable for the protection of so-called "economics," which in times past were must, to be honest, interpret to mean the welfare of the established classes.

I am not a Socialist, I believe in the private enterprise system of economics. But in political science I believe that government must be "of the people" and not to govern the people. At Washington in the last decade our government offices have been flooded with a galaxy of men who before they came to the capital preached government by and for the people, who after entrenching themselves talk and work for government by a bureaucratic intelligentsia with rules and regulations made effective just below the economic strata in which they themselves "move and breathe and have their being."

All back through the ages and until 1920, bureaucratic government was possible without feeling public disapproval, for through these hundreds of years the ordinary people knew nothing else than to be governed. To speak out for themselves had meant death or prison. The United States was founded on a republican form of government in a democratic setting, but everyone knows today that that early government, like the economy of its day, was controlled, and until recent years, by wealthy interests who while giving lip service to government by the people considered their own few "the people." They maintained for themselves special privileges in government and in their economic fortresses. They dictated the wages men received. It was they who dictated that women should remain in the home. It was they who dictated that women should not vote. It was they who until thirty years or so ago jailed labour leaders for unionizing workers.

At any time in this earlier era it would have been extremely easy, without any fear of popular disapproval—to squeeze wages, lengthen hours of work, regulate expenditures, yes, prohibit the use of credit, if it would fill a King's treasure chest with rubies in 1700, supply foreign aid had it been in 1920, or to build a super rocket ship to communicate with Mars if Senator Brewster's Howard Hughes investigation had been ten years earlier, if it was the will of the vested interests.

Of all the time in the world's history, however, today is just about the worst for either economic royalists or newly feathered fledling academic Washingtonian bureaucrats to say. "Now we shall finance the world's uplift by dictating to the American people what they shall or shall not do, according to our private whim or reason." It is true that the people accepted wartime controls over their purchasing on credit without much squawking, and a hundred other privations. If it would win the war, the people accepted curbs on their civil liberties. The wartime Washington official walked the streets or drove the thoroughfares with a sort of God-like assurance of power touched lightly with an air of patronizing humility. There is no war today. The people are not interested in personal curbs. Officials once more are public servants—lampooned at will by the people in their reasserted sovereignty.

Our Congress adjourned last summer. The legislators scattered to the four winds. Some went to Europe to see who needs what aid. The great majority went back home to find if the people would still support them, if they should vote billions for foreign aid. Some come now back to Washington considerably upset, startled and perplexed. Here is what they found back home. The people, particularly inland from the Atlantic seaboard are little interested in foreign aid, in anything foreign. The returned GI's, found the congressmen, don't care much either for the Europeans or the Orientals with whom they bivouacked during their trans-Atlantic and trans-Pacific service sojourns. They told the congressmen that the people of Europe are dirty, slovenly, lazy, never will be on their feet financially no matter how much we help them. When the congressmen asked the GI's, "What should we do?" the GI's told them, "Go back to Washington. Leave us alone. We have our problems. We are establishing new homes, making up for time lost while you had us in the army."

The congressmen did not find strong sentiment against European aid. What they did find was apathy toward the whole question. Apathy toward government itself!

The responsible organizations in the States, churches, veterans' groups, trade associations and labor unions, all favor immediate aid for Europe as a matter of good business judgment and a humanitarianism. This represents the voice of American leadership. The rank and file told the congressmen, "You take care of the miscellaneous world problems. Let us alone. But do not make any mistakes!" What troubles congressmen today is that unfortunately, the leaders have few votes. The millions have a great many. Even the women whom they thought would show the strongest humanitarian sympathies, backed their men folk, saying, "Let us get our homes in order. We have lost six years. We are busy. Don't bother us. LET US ALONE."

Now let me go back and bring up another thread of reasoning. In February I told the jewellers of Canada at Quebec of reading an account about communism spreading in Central and South America twice as fast as it ever spread in Russia. I congratulated you people of Canada that the United States stands as a strong buffer between you and this growing northward surge from below our southern border. I imagine a hundred Canadian businessmen either came to me at Quebec or wrote after the talk to explain that there is a northern infiltration of these "isms" directly affecting you here in Canada, that the United States cannot and does not stand as an effective buffer state. I was told where communism is filtering into your country, of certain spots in which it has become very strong. Naturally through your newspapers you have a good idea of how it is filtering into the United States, forgetful of our southern border.

When ordinary peace-loving, satisfied folk like the citizens of our two nations are approached by an alien, foreign, unknown ism, the chances are strong that they will throw it off with an easy shrug of the shoulders. That is the type most Canadians and Americans are. Then how in the world can you account for the fact that on every hand thousands of workers are on strike, thousands more are congregated in the public halls and parks, listening raptly to honey-tongued speeches of foreign agitators.

Gentlemen, the answer is fairly simple, so simple that it is staggering in its impact. People listen to these agitators and foreign ideologies either when they are hungry or when they are dissatisfied.

In our two countries, fortunately, we have reduced the hunger element to a world minimum. Even at that, I expect there are many folk who have been influenced to believe a foreign doctrine because it has been so hard in their present straits to feed and clothe their families. However, millions upon millions of our working people now enjoy reasonable income which relegates this fear to a somewhat less important place.

Since 1900 the Western world has seen the development of the thousand and one comfort-giving, labor-saving and enjoyable products which fill the shop windows of today. More than in any other category this development has taken place in consumers' durable goods. I think it was at the turn of the century that we had but five thousand bathtubs in the city of New York. The modern plumbing which we all take for granted came into the average home within the last fifty years. Even yet a large percentage of our homes is not so provided. The refrigerator, washing machine, radio, electric light—all of these in an earlier era were considered luxuries only the rich could hope to enjoy.

A few hundred years ago each country was made up of a handful of wealthy nobles, a handful of skilled craftsmen and great masses of common folk, the peasants. In a whole lifetime, the masses never touched with their hands the luxuries enjoyed by the rich. The handful of artisans and craftsmen made such products, and to some extent derived enjoyment in the pure satisfaction of creating, but not possessing them. Nonetheless it was from these guildsmen or craftsmen that a new middle class emerged, more wealthy than the peasants, paid well by the rich for their paternalized service. I want you to see the difference in today's society.

The craftsmen of today, who make the products of our age, which put to shame, in scientific achievement at least, the finest craftsmanship of the ages, number millions. They are the rising masses. Millions of men and women now touch, fashion and produce the magnificent products so well known to us all.

It was an easy matter for the nobility to deny to the peasants even the right to touch the finer products of that by-gone time. Today, no man, however rich, would dare suggest such effrontery to the lowly common man. He is now an independent citizen, a union worker, a voter. He goes on strike—your mills and stores shut down. I shall restate what has become a positive philosophy with me. We have come to the time when the hand that makes has the power not only to demand adequate wages, but the power to *take*—meaning the power to take the product itself and use it as and for its own.

Thus it is that no economic society, no government in the Western Hemisphere dares to deny the common people, the working masses, the right to possess these great products.

When I was a boy, a few rich men had fine gold watches. Everyone else had a "Dollar Ingersoll". No one raised an issue. No one questioned the situation, or so it seemed. Yet, today the man who fits together the transmission of a motor car, the man who works in a drug store, the one who walks behind the plow insists upon his right to a "solid gold" Elgin, Bulova, Waltham, Benrus, Hamilton or Longine. Tell these men that it is their prerogative to own a Dollar Ingersoll, no more—and they will throw down the transmission, walk out of the drug store and abandon the plow in anger. The independence of individual men has reached a place where it is dangerous to tamper with.

These new independent men do not, of itself, hate wealth. They are not even inclined to hate the wealthy. They are inclined to believe in private enterprise. They are inclined to think democracy is good.

But the economic system and government of today have not given them good reason to believe that all or any of these Western principles are sacred. You who are the Leaders of Canada's private enterprise have given them no real cause to love the system you would have them support *for you.* Private enterprise has given them a living. It has not given them wealth. They acquiesce to wealth but are not ready to fight for it, nor argue too long for its continuance.

Thus spins the second thread of my argument. Free men today are not wildly excited about continuing the private enterprise system most of us in this room view as almost God-given. But they acquiesce so long as they are neither hungry nor denied their right to possess and use the things their own hands make. Yes, if we clearly establish *their right to possess*—they will believe in our system as theirs.

So through two divergent threads, I bring you to the point where I hope you will recognize our only safeguard against the encroachment of foreign isms until our own beloved system is undermined to the point of failure and oblivion. We live in nations where private ownership was thought to be almost worshipped. Yet we wake up to—day to find that what you and I think of as ownership is not the private ownership pictured and desired by millions of our fellow men.

To them private ownership means owning a home, a washing machine, refrigerator, sewing machine, diamond ring, a necklace, a cross and a little chain of fine gold, a set of dishes, a rug or two, nice clothes and the right to spend one's meager income as he chooses. This to the average man today is private enterprise and private ownership.

To you in this room, private enterprise and private ownership mean the right to own a store, to buy and sell and make a profit, the right to stake out gold claims and to mine the precious metal at a profit unmolested by some fellowman who has the right only to watch you dig. To you it is the right of a few men to create a great corporation, perhaps to control or almost control the distribution of consumers durables throughout the Dominion of Canada, or to create a great store to distribute two hundred million dollars worth of American products in New York City and other cities. It is the right of a few men to create a General Electric Company and own it, deny others access to it by virtue of "property rights," private ownership. It is the right of a few people to create an air line or a steamship company or to gather together a great aggregation of motor car manufacturing companies and name the aggregate "General Motors." Private property to those who believe this way entails the right of protection of the state against the instrusion of our fellow men.

Do you for one moment care to deny that these two greatly divergent views are widely held today in the United States and Canada? Both under the title, "Private Ownership, The American Way.."

The thought I want you to consider is this. If you who want to own a store, develop a gold mine, run a railroad or build a motor car desire to hold sacred your right to these things and desire millions of fellow Canadians and citizens of the United States to protect you in this right, then by all that is sound judgment, wake up!

Guarantee to the man in the street the right to private property as he sees it, the right to *his* private property. Help him get a home of his own. Never through government nor private enterprise do anything to deny him the refrigerator, washing machine, radio, diamond ring, the cross or his watch. If you do let any mistaken law or business habit deny him these luxuries of his sphere of life, these symbols to him of private enterprise, if you let either government or business deny him these things, then look well to your own private property for it is going by the boards. There are ten million men who view private property as the man in the street views it to a thousand who view it as you do. There is no way under Heaven, not even through governments nor wars nor armies and navies to protect private property and private enterprize as you see them unless you positively guarantee to these millions of others the right to enjoy private property as they see it.

Consumer credit, the right of a man to utilize his good name to spread out over a period of income his purchases of the major products which he is making today is the only effective device which you in private enterprise have developed for the ordinary individual to acquire the private property to which he thinks he is entitled and for which—at least up to now, he is *willing to work.* It is a good method. No other has been devised that fits the need and smacks of private enterprise. This is true, isn't it?

You dare not pass a law offering to sell him these products for cash. He will laugh in your face, knowing that you are the only ones who have the cash. Those who are wealthy have had it for ages. He never has had it.

You cannot pass a law requiring him to save in advance, for while you think you saved in advance, you have never done it. Nine-tenths of the great wealth in the world has been inherited, not earned nor saved. Do not complacntly think of it as saving when you inherit a million dollars and put it in the bank vault in the form of securities. You have saved nothing. You have called upon the state to preserve what is left to you. You have called upon society to protect what you have from your fellow men. You haven't saved. You dare not ask the man in the street to save before he can own. You didn't! You never intend to.

Do not get the notion that you can ask the man in the street, this new day American, to grant you special rights and social privileges which he cannot have. Never expect him to permit you to dictate changes in his social outlook, changes in his method of handling his pay envelope; changes in his view of private ownership.

No, you must create for him a system by which private enterprise, your private enterprise, offers to him and his theory of private property a mechanism that takes his meager income and stretches it out so that he can acquire these products which a generation ago would have been called *your luxuries*—now not "called" but known as his *necessities.*

Wear your spats, dust off your high hat if you choose, but get it out of your heads that to be able to wear them denotes the right to utilize the world's present-day products to the exclusion of the worker who makes them with his hands. Fail to help him get these products into his home and you can be the most blue-blooded aristocrat of private enterprise, yet your enterprise will topple with the rest.

If you are a store merchant or if you are a manufacturer, or banker or lawyer who until today have thought you had no special interest whatever in consumer credit, in the instalment plan of buying, forget such a notion, for without instalment credit or some equitable substitute in the United States and Canada you will have communism, and in that phrase I mean to say your prized private enterprise will go. Your cash store cannot exist in either Canada or the United States—if you permit free, open-handed, instalment distribution to be denied our millions. Your great manufacturing company, your bank, your law business, if it is based on private enterprise, will fail if you do not take an interest and a part in the development of some "instalment" method whereby the common man can acquire what he believes to be the private property so sacred to the thinking of this age. This is the only private property he will struggle to preserve—and your best bet is to tie on to his coat tails—not to try to lead him by yours.

The communists are telling our working people that you have no interest in their type of private property, that you have no idea of guaranteeing them any such right of ownership, that you will not go out of your way to foster a system whether it be instalment credit or something else by which they can own the things they want and need. This is what they are telling the workers who support you must have to preserve capitalism. This is how communism comes to flourish right here under our noses, too dangerous to be ignored.

Finally, be careful lest in paying lip service to instalment credit as a bulwark of private enterprise against communism, you fall into the trap of setting the standards too high, of making the system too rigid, so that lesser men cannot use the plan you would develop. Let it develop practically. Let individual human beings make credit transactions with other individuals. Let buyers go away after each transaction feeling that the great system of private enterprise once more has clicked, once more has opened its doors to them, has considered them a part of it. Let every customer, whether he buys for cash or on the longest terms available, go back to his home saying to the communist or other agitator, "My friend, you are nuts. I am a part of private enterprise. I and the banker and the manufacturer and the retailer, we are all part of what we call 'the American system of production and distribution.' I vote for the government that supports my private right to own my private property. I am the friend of the retailer and manufacturer, who, while I work for them, and make their products, know full well that I have my own right to own them for my family.

This gentlemen, is the philosophy of consumer credit in a world of private ownership, and enterprise. Do away with consumer credit, make it rigid so it will not supply the common man and family, and in your haughty judgment you will have mistakenly sown the seeds of unrest, dissatisfaction, akin to hunger itself, and the harvest will be a holocaust upon your own private rights and privileges.

"ANGLO-AMERICAN FREEDOM VERSUS RUSSIAN COMMUNISM"

AN ADDRESS BY

LAWRENCE HUNT

Lawyer, Author and Student of International Affairs

Chairman: The President, Mr. Tracy E. Lloyd

Thursday, November 20, 1947

LADIES AND GENTLEMEN:

The Empire Club of Canada is glad indeed to have as its guest of honour today Mr. Lawrence Hunt, eminent New York lawyer and a member of the Bar of the Supreme Court of the United States of America.

Our guest is one of his country's greatest advocates of Anglo-American friendship and co-operation and it is a happy circumstance that his visit to Canada synchronizes with the wedding day of our Princess Elizabeth.

In January, 1940, Mr. Hunt published a letter in the New York Times, strongly advocating his country's assistance to Britain in her desperate need and during the same year, addressed a luncheon club in Toronto, and the people of Canada at large through a nation-wide broadcast at the invitation of the Director of Public Information, and his message at that time seemed very sound and timely.

Mr. Hunt's outstanding contribution has marked him as one of the best friends of the British Empire in the United States today and, as we all know, is to be recognized by Toronto University tomorrow in the conferring of an Honorary Degree at a special Convocation.

Our guest of honour is a native of Baltimore and he graduated at Williams College in 1928 and from Harvard Law School in 1931. In 1938 he was admitted to the Bar of the Supreme Court of the United States and is chairman of New York State Bar Association's Committee on Labor Law. He is a partner of Hamlin, Hubbell, Davis, Hunt and Farley in New York, specializing in corporation law. An author, lecturer, student of history and of international affairs and a product of his distinguished southern ancestry. Few other men do as clear thinking nor have equal gift of clear expression, both of which attributes are evidenced in his widely known book "A Letter to the American People".

We welcome for the first time to the Empire Club of Canada, Mr. Lawrence Hunt, who will now address us on the subject:
"Anglo-American Freedom Versus Russian Communism"

Mr. Hunt:—
Mr. President, Members of The Empire Club,
Friends and Neighbors of Canada:

May I, first of all, extend to you congratulations and best wishes on a certain wedding which has taken place today in London. The bride, with her sincerity and charm, has already won the hearts of all true men and women. And at this time when Britain is sorely distressed, I venture to predict that the future reign of your Princess will prove to be another and equally glorious Elizabethan Age.

This luncheon is in the nature of a family gathering. There are Britons and Canadians and Americans present, and whenever men of good will from our countries gather together there is an unmistakable sense of family. It's true that when money matters are being discussed the family atmosphere becomes a little strained. But today you have asked me, as an old American friend, to be your guest, and I am highly honored and deeply grateful for the opportunity to speak briefly about some of the great questions for which we are all seeking honest and sensible answers.

In these troubled and challenging times, we English-speaking peoples should have more family gatherings to discuss and to work out together the ways and means of meeting our problems. And let's make no bones about it.

The rest of the world should know, and the enemies of man's freedom should know what they did not know before 1939, to their bitter cost and to ours, that despite all our differences, the English-speaking nations are a family, that we are going to help each other, that we will stick together as a family should in the hour of need, and that together we shall keep from our door both the wolf and the bear.

Two and a half years ago, when I last spoke to my Canadian friends, we still saw the vision of the Four Freedoms and believed that at last we would have peace in our time. Today we are dismayed by the spectre of the Four Horsemen galloping across a great part of the earth, and our hearts are troubled because we do not yet enjoy the fairer world which brave men died to win for us. On our fortunate continent the spirit of Pontius Pilate is again telling us to wash our hands of the mess, and the Levites in our midst are urging us to pass by the people who need our help. The dull discourtesy of Slavic oratory has left some of us weary and almost without hope. Brave and good men in your country and mine have become discouraged. The pessimist is in all his sombre glory.

Some people are even prophesying or lamenting the doom of Britain as a great nation. That is wishful thinking on the part of the Anglophobes, and the others are dismally ignorant of British history and British character. Britain's doom has been wished for by her foes or prophesied even by her friends in ages past and will be wished for or prophesied in future ages. This is not surprising, because those men who think only in the bleak terms of materialism are genuinely puzzled that a magnificently decent people can survive in a hard world. Of course, the vast majority of men and women in our English-speaking civilization do not believe any such nonsense. Britain has had her ups and downs in her long history, but only a fool can say in his heart that Britain is doomed. Most of us Americans who entertain grave doubt about the doctor's prescription now being administered to the British people have not the slightest doubt that they will survive both the malady and the remedy.

Yes, the world is in a bad way. But Americans are not afraid. We shall pitch in and help our neighbors who want to enjoy the blessings and benefits of freedom rather than accept the lurid promises of a Marxist mirage. True, we shall help as a matter of enlightened self-interest. But I am sure that the other members of our English-speaking family will understand when I say that there is something more that moves us to help. As a decent people, we must do it. That is our responsibility and our privilege as the richest and most powerful nation whose people still cherish their spiritual heritage of good will and helpfulness even more than their material possessions. And as far as Britain, our most helpful ally, is concerned, our contribution will be a deserved though belated recognition of that lonely year—the most heroic year in the history of war--when Britain, aided by the Dominions, with her blood and treasure gave us the time and showed us the need to save our freedom and our soul.

In my country, Congress will soon debate the Marshall Plan. The price of democracy is high, and the world must wait until nearly every Congressman has achieved the most obscure form of immortality known to man—a few pages in the Congressional Record. During the coming months our friends in Canada and Britain and in other lands may be disturbed and deafened by the din and clatter of this Congressional debate. But no matter what is said and no matter what may happen, at the end, when the roll is called, America will not fail mankind.

The Russians do not seem to like the Marshall Plan. It does not fit in with their plans. They cannot expect much help from American isolationists, because the isolationists in America are not nearly as numerous today as they were in 1939. Many of them were fundamentally fair-minded people who could learn. And they have learned a great deal. Therefore, we can detect a note of impotent exasperation in the Russian attacks on the Marshall Plan. At least, the Russians have not been very polite about it.

Americans are now being attacked by Russia's leading diplomats as "greedy imperialists." We are finding that criticism a little hard to bear, because it is not true and possibly because it was once the favorite epithet of many Americans when Britain alone was doing the thankless jobs of the world. At any rate, our British friends can certainly assure us that the first hundred years are the hardest.

Russia's vituperative diplomacy is ineffective largely because it is terribly out of date. Hitler tried it ten years ago and created quite a sensation. But bad manners are no longer persuasive in international affairs. We cannot expect in the foreseeable future to convince the Russian Communists of the blessings of Anglo-Saxon freedom, but we should continue to hope that Russia's diplomats will learn to present their case in a manner consistent with the dignity of a mighty people whose history has many chapters of epic achievement and supreme heroism. Meanwhile—we'll keep our powder dry.

Although we may be bored by the barbaric tirades of her diplomats, we must remember that Russia is the secular arm of the Communist faith, and that her propaganda is a tremendous weapon which we shall ignore at our peril. That propaganda is very largely aimed, as was that of the Nazis, at dividing the British Commonwealth and the United States by trying to sow distrust, dissension and discord between those two great branches of our English-speaking family. Such will always be the primary aim of the enemies of man's freedom.

Like the Nazis, the Russians profess to warn the British against "American imperialism," asserting that the United States is trying, directly or indirectly, by economic coercion or otherwise, to weaken or attenuate the British Commonwealth and Empire, to loosen the bonds which unite the British nations to each other and especially to the Mother Country, and to make Britain herself a mere buffer state.

Unfortunately, there are a few mean-hearted and short-sighted men in both your country and mine who are not Communists but who aid and abet this evil propaganda. The few Canadians of that stripe apparently think they can curry favor with Americans by criticizing or deprecating great Britain, by murmuring formulas about a commercial or some other form of union with the United States, and by insinuating that their country is no longer loyal to the British Commonwealth and Empire. And the few Americans of the same stripe talk glibly about Canada being no longer a British nation but in the American orbit or sphere of influence. Mr. Stalin should be grateful for such unwitting accomplices. These mischief-makers are men of guile who usually speak "off the record." We should mark them well. Their views or schemes can never prevail, but in these nervous times they can do some mischief to the unwritten but developing Anglo-American partnership upon which the peace of the world so largely depends.

Canada's loyalty to Britain and to the British Commonwealth and Empire has endured from generation unto generation and has been consecrated on a thousand battlefields. Your people have no desire to turn your nation into a mere "geographical expression." You would scorn any attempt to play your Mother Country and your best friend one against the other. Canadians know what the rest of the world knows—that Canada, outside of the British Commonwealth, would lose her spiritual and political significance as a nation.

The self-respecting friendship of a loyal member of the British Commonwealth is vastly more important to the United States than the sly subservience of a satellite. We Americans don't want any satellites. We want friends who can differ with us without fear and can agree with us without servility.

Before the First World War and again before the

Second World War, the enemies of man's freedom actually believed that the nations of the British Commonwealth would not stand together and that America would not play her part with the rest of the English-speaking family, or, if she did, would be too late to help. Any reasonable man would think that two world wars are sufficient proof of the fundamental unity of both the British Commonwealth and of our Anglo-American civilization. But the dictators of totalitarian states are not reasonable men, as we use the term. The Russian Communists are materialists who simply do not comprehend what we mean when we speak of "Anglo-Saxon liberty," or "our spiritual heritage," or "our common ideals," or "the intangible bonds which unite us." Those things cannot be seen or touched or measured or weighed. They are of the spirit. And Communism is a false and terrible denial of the spirit of man.

But the Russian dictators understand power and political and economic co-operation between nations. Therefore, a strong and closely united British Commonwealth and a close family partnership between the British Commonwealth and the United States are vital to our very survival. The nations of the British Commonwealth, including Canada, by regular and frequent consultation and in more tangible ways, should be very explicit, for the benefit of friend and foe alike, that on all fundamental questions they are more united than ever before. And our friends and foes must have no room for doubt that the British Commonwealth and Empire and the United States of America have joined forces for the preservation of the freedom and the peace of mankind.

Our English-speaking family is a good family. The neighbors like to talk about our family skeletons—and so do we. Our faults and failures, our sins and follies are known to all the world. We have sometimes fumbled and faltered, and have known hard days and fearful moments. Our boasting and our complacency have not endeared us to others. We have been cursed by our foes, misunderstood by our friends, plagued by perfectionists, and denounced by doctrinaires.

But we have been a free people and, most of the time, a pretty decent people. We have known, at moments, the saving grace of shame and repentance and have made amends with humble and contrite hearts. We have wanted and tried hard to wipe away the tears from the face of mankind. Our English-speaking family is the greatest force for the protection of human liberty and man's gradual progress toward a better world. Together, we would neither threaten nor need to fear any other nation.

Our friends and neighbours in Europe are beginning to sense our growing unity and our high resolve to save the spirit of freedom on this earth. They are still groping in the night of hunger and fear. Our great family—the British Commonwealth and the American Republic — working together and with God's help, will bring them the dawn.

"CANADIAN TRADE MISSION TRIP TO SOUTH AFRICA"

AN ADDRESS BY

R. C. BERKINSHAW, C.B.E.
President Canadian Manufacturers' Association

Chairman: The President, Mr. Tracy E. Lloyd

Thursday, November 27, 1947

DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

I would like to welcome today our guests from the Canadian Manufacturers' Association and the Board of Trade and it is certainly most fitting that you should be with us when our guest of honour is a past-president of the Board of Trade and is now the President of the Canadian Manufacturers' Association.

. . . .

It has been my practice to introduce our guests in as brief a way as possible so that our speaker's time will not be used in any extravagant way. However, today this will be impossible as I find there are so many things that should be said about our Guest of Honour and I do not wish to do him the injustice of introducing him in any sketchy or incomplete manner.

Our Guest, MR. R. C. BERKINSHAW, C.B.E., was born in Toronto and was educated in London, England, Upper Canada College, Trinity College, receiving his B.A. degree in 1913 and graduated from Osgoode Hall Law School in 1916 and was called to the Bar in that year.

Our Guest of Honour served his country in the First World War as Captain and Adjutant of the 124th Battalion—as Major in the 12th Canadian Engineers and was mentioned in dispatches.

Mr. Berkinshaw, at the close of World War I, became associated with the legal department of the Goodyear Tire and Rubber Company of Canada, Limited, and in 1920 was appointed Assistant Secretary and in 1926 Secretary and General Counsel—in 1931 Assistant to the President—in 1932 Treasurer of the Company and Treasurer and General Manager in 1933. He is also an Officer and a Director of a number of other large industrial organizations and a Director of the Bank of Montreal—Mutual Life Assurance Company and is active in various philanthropic and social service organizations. He is also a Director of the Canadian Chamber of Commerce and Toronto Industrial Commission—President of the Canadian Manufacturers' Association—Vice-President of the Canadian National Exhibition—a member of the Executive Committee of Trinity College—Vice-President Toronto Hospital For Incurables—President of the Citizens' Research Institute of Canada and Director of the Technical Service Council.

In 1941 our Guest was appointed Director-General, Priorities Branch, Department of Munitions & Supply, Ottawa, and Chairman of the Wartime Industries Control Board and his service during World War II was recognized by The King on July 1, 1946, when he was created a Commander of the Most Excellent Order of the British Empire.

It was your Chairman's privilege to accompany the Canadian Manufacturers Association on their trip to Banff in June and at that time our Guest spoke in each Capital City of the West and was not only a credit to the Canadian Manufacturers Association, but to Eastern Canada at large.

It gives me a great deal of pleasure to introduce to you Mr. R. C. Berkinshaw, C.B.E., Vice-President and General Manager of the Goodyear Tire and Rubber Company and President of the Canadian Manufacturers Association—a member of our Club and at one time a member of the Executive Committee, who has just returned with the Canadian Trade Mission from its 25,000-mile South African tour and he will now address us on the subject:—

"CANADIAN TRADE MISSION VISIT TO SOUTH AFRICA"

Mr. Chairman and Gentlemen:

As your President has mentioned, in his all too generous words of introduction, it was my privilege recently to be a member of the Canadian Trade Mission which has just returned from a visit to South Africa. When you kindly invited me, before I left upon this 25,000-mile journey, to speak to you upon my return, and to give you my impressions of the countries we visited and their potentialities of development as greater customers of Canada, I accepted with some degree of hesitation. Now that I am back again, I am happy to redeem that undertaking to speak to you, but I find that I have essayed a task more difficult than I had envisioned. For we saw so much of great interest, we learned so many things that impressed us, we scanned so many new horizons, we met so many men of high and low estate alike, whose vision, energy, and surpassing faith in the destiny of their country were an inspiration to us all, and we collected such a fund of information pertinent to the purpose of the Mission, that I find it difficult to compress my observations and conclusions into logical form and sequence within the compass of a single speech. Lest that observation may create a fear in your minds that I may exceed the limit of the time allotted to me, I would like to say, quite frankly, that it is my purpose only to touch upon the highlights of the journey insofar as they may influence the widening of trade channels between South Africa and the Dominion of Canada.

But, before I pass to my subject proper, and by way of introduction, I should like to give you a verbal interpretation of four pictures which have been projected upon my mind as a result of my recent journeying.

FIRST: It has become almost a commonplace to say that time and space are subject to a continuing process of constriction as a result of man's ability to devise new forms of rapid transportation. The great advances already achieved in air transportation have made the world a very small place indeed. Nations which once were separated from each other by the expanse of oceans are now able to regard each other, *if they will,* as near neighbours, and by the closer extent to which they learn to know each other better are opportunities created for clearer understandings in the field of international relationships, as well as for the development of that inter-commercial activity which is the basis of prosperity. Never has this been driven home to me with such force before. When I recall the fact that it took us only 55 hours to travel by air from New York to Johannesburg—a journey that by surface transportation would take 40 or more days—I conjure up a picture of the time, not so far distant as one might think, when giant planes, jet-propelled, will sail the skies at incredible speeds to bring mankind and merchandise alike within overnight reach of their destinations and markets. Surely we are living in an age so wonderful, so filled with the spirit of progress, that the story of the "Magic Carpet" works no more a spell of enchantment upon our imaginations. Truly, in the realm of aerial transporation, we have seen miracles in our day and generation—with the promise of greater miracles still to come. I can only express my hope, which, I know, is your hope, too, that these same miracles may be applied no longer to the evil purposes of war, but devoted to the perpetuation of peace and consecrated to the healing of the nations.

SECOND: It seems only a few days ago that I stood on a crest amidst that jumbled mass of granite hills, some 20 miles from Bulawayo, known as the Matopos, where, under a wide and silent sky, shadowed by gigantic boulders of solid rock, is the windswept grave of that great Empire builder, Cecil Rhodes. This was the man who was the inspired architect of British South Africa as it is to-day, a man to whom the British tradition meant more than personal gain or aggrandizement, a man whose memory is held in honour wherever the English tongue is spoken. No great imposing shrine nor massive column marks his last resting place—only a simple tablet let into the rock, with these words thereon: "Here Lie the Remains of Cecil John Rhodes", and, as I stood thereby upon that day, I thought of Thomas Campbell's words:

"To Live in Hearts We Leave Behind
is Not to Die."

THIRD: It has been well said that the British Empire has always had the ability to produce great leaders in time of crisis and of stress. One has only to think of Winston Churchill as a typical and outstanding instance of the truth of this assertion. So in its formative years, South Africa had its Cecil Rhodes and, in its years of crisis and development, South Africa produced, for the strengthening and the stabilization of the Empire through troubled times, one who has become one of the great men of the world, Jan Christian Smuts. It was my high privilege to meet the Prime Minister of South Africa, and seldom, if ever, have I been impressed with the purpose and the personality of any man as I was by this great Elder Statesman of the Empire. Courteously and kindly he answered all my questions, yet every word he spoke betrayed his vast knowledge and gave emphasis to that quiet authority which seems to be his by right. A great statesman, a great soldier, a great patriot, he has done great things for South Africa and for the Empire of which it is a part, and, I believe, that, if he is spared, he will accomplish even greater things in shaping the future of his own land and of the British Commonwealth of Nations.

FOURTH: But there is one thing that this trip has done for me personally which I cannot refrain from mentioning. It has given me a firmer faith than ever I had before in the destiny of the British Empire as a principal factor in world affairs. Too often, I think, is one's conception of the British Commonwealth conditioned by the narrower horizons of one's own country, and it is not until the opportunity occurs to extend our knowledge and experience by contact with our fellow-folk in other British territories that we begin to appraise our Imperial heritage at its true value. There is an innate loyalty to British ideals and traditions among the citizens of South Africa, as well as an immovable faith in their future within the British Commonwealth of Nations, that when one sees the vast expanses of their land, and feels the pulsing of energy in their great and growing cities, it is impossible not to feel a glow of pride in a common citizenship. I have come back in the firm conviction that the virility, the resources, and the faith of the younger Empire nations will so strengthen and support old England in her hour of crisis, that she and the Commonwealth of which she is the symbol and the centre, will lead the world once more into the paths of peace and international fellowship and prosperity.

So much for my mental pictures. It would be easy to succumb to temptation and to give these remarks of mine the form of a travelogue, describing, with some detail, the places we visited and the people we met. But I think that would not be your desire, and certainly it is not my intention. As businessmen, keenly mindful of the necessity for developing the field of Canadian commerce, you would be much more interested, I am sure, in hearing the why-and-wherefore of this mission; in hearing of the conditions —industrial, agricultural, social, and political—which exist in South Africa; in hearing the impressions which those conditions made upon me as an industrial representative; and of hearing about the results which, we hope, will stem from our visit.

We all know, of course, that one of the great needs of the world in these post-war days is a widening of the channels of trade between nations, in order to encourage a freer flow of essential commodities and to develop a rising standard of production. In some cases, this implies the maintenance of living standards already established at high levels; in other cases, it implies the restoration of war-shattered economies to conditions approximating normalcy. In our own case, we need to expand our export markets as rapidly as possible in order to maintain our totality of production at a level high enough to retain for our people a maximum degree of employment, and make stable the high standard of living which we currently enjoy. In this objective, Canadian industry is receiving the whole-hearted co-operation of the Department of Trade and Commerce at Ottawa, and I would like to pay tribute —at this point—to the vision, the ability, and the directional capacity of the Minister, the Honorable J. A. MacKinnon, who has given inspiring leadership in this quest for new and expanded markets for Canadian goods and produce. He has already successfully headed trade missions to both South and Central America, and this mission to South Africa was undertaken in pursuance of a policy of exploring, at first-hand, the potentiality of promising markets throughout the world. It so happens that South Africa is Canada's third best customer, and while many South African Ministers and officials, including General Smuts himself, have visited Canada, no Canadian Minister had ever returned those visits. It was felt, therefore, that a good-will mission from Canada would not only be an appropriate gesture, but would lead to a greater development of trade between the Dominion and the Union.

Incidentally, the Minister decided, on this occasion, to break with custom, and to invite Canadian industry to be represented in the personnel of a Government mission, As President of the Canadian Manufacturers' Association, I was invited to accompany the Minister as a member of the mission—an invitation which I was glad to accept. Throughout the whole of the trip, the members of the mission worked as a team, and I know that the Minister appreciated the friendly co-operation and assistance so freely and readily rendered by the representatives of private industry who accompanied him. They were:

Mr. James S. Duncan, President of Massey-Harris Co. Ltd.

Mr. Victor M. Drury, President, Canadian Car and Foundry Co. Ltd., and Mr. Arthur K. Tate, the

General Sales and Export Manager of that Company.

Mr. Norman D. Moffat, of Moffat's Limited,

Mr. Paul Bienvenu, President of Catelli Food Products Ltd., and Mr. E. E. H. Wright, Vice President of Welland Vale Manufacturing Co. Ltd.

With Johannesburg as a centre, we visited the cities of Pretoria, Capetown, Port Elisabeth and Durban; the cities of Salisbury and Bulawayo in Southern Rhodesia; and many other places of historic, agricultural, or industrial interest. Throughout the whole of our stay, we met with a degree of warm hospitality that could not be excelled, and I shall treasure the memory of our generous welcome and the kindness that was extended to us on every hand.

I find it difficult, indeed, to marshall my impressions of South Africa. Like our own country, it is a land of wide expanses, of varied and vast resources, of pulsing and prosperous cities; of cultivated farm-land and undeveloped veldt; of mountains and of plains. It has a population of 11,392,000, of which 2,373,000 are white, the balance being natives, Asiatics, and mixed. One thing struck me particularly: the standard of living among the white population is as high as that of Canada, and a general atmosphere of prosperity is apparent, especially in the towns and cities of the Union.

Geographically, the Union of South Africa is but a small part of the continent in which it is situated. Slightly less than half a million square miles in area, it is about one-sixth the size of Canada. The southern and eastern coastal belts of the Union are well-watered and fertile, and support a denser population than the drier interior. Yet it is on the uplands of South Africa that the nation's pulse beats strongest, for here the industrial expansion and the development of mineral wealth is challenging the imagination. The keystone of South Africa's economic vitality, and the sound foundation for agricultural and industrial expansion in the future, is gold. From the gold mines of the Transvaal comes approximately 40 to 50 per cent of all gold mined in the world each year, and seemingly fabulous new gold discoveries in the Orange Free State province give rise to the belief that, before many years have passed, South Africa will supply the world with an even greater proportion of its new gold.

The basic contribution which the gold mining industry of the Witwatersrand makes to the internal prosperity of the Union, as represented by the high standard of living among the white population, is evidenced by the fact that, each year, that industry circulates nearly 90% of its revenue—amounting to more than 400 million dollars per annum—within the Union, in purchase of stores, payment of wages, taxation, dividends, and various services. The industry employs approximately 41,000 Europeans and 310,000 non-Europeans, and the recruiting of the latter, their training and care after they are engaged, is quite another industry in itself. As a matter of fact, the average service of non-Europeans with the mines is only 14 months, when the native African returns to his home. It may be of interest to many to know that some of the gold mines of South Africa are nearly two miles deep, one of which we were given the opportunity to inspect. It was quite an experience for those who essayed the descent, for they were lowered and raised in cages which travelled at a speed of 3,500 feet per minute—over 2½ times as fast as the speediest skyscraper elevators in New York.

Another basic factor in the industrial economy of South Africa is, of course, to be found in the diamond industry. We were told that during the last World War the production of diamonds in South Africa, both of the industrial and gem types, increased tremendously, and that the mines are now working at full pressure to cope with the great post-war demand. It is estimated that the South African diamond mines are now capable of producing gem diamonds to the value of 64 million dollars a year at current prices, but it must be remembered that the production and sale of diamonds is now strictly controlled and channeled by state legislation. We had the opportunity to visit one of the largest diamond mines and to watch the intricate and careful process of production. So far as is known, no member of the mission returned from this visit any the richer.

The mineral production of South Africa also includes substantial minings of copper, tin, antimony, chromium, iron, manganese, platinum, silver, pitch-blende, South African "jade", asbestos, gypsum, fire clays, lime, marble, mineral oil, salt, sulphur, soda, and talc. Coal, too, is production and ultimately her export trade. We found produced from 23 collieries in Natal and the Transvaal to an estimated annual tonnage of 17,500,000 tons. We were told that government estimates place the coal resources of the Union at approximately 325 billion tons.

The impression left upon the minds of the members of the mission was that the mining industry of South Africa like the mining industry of Canada, has a great potentiality of expansion. New discoveries of mineral wealth in various forms are frequently being made, and the monetary value of minerals produced in the Union will increase substantially year by year.

As is the case in Canada, so the agricultural segment of South African industry plays an important part in the productional economy of the Union. Despite the unequal distribution of rainfall, the Union as a whole produces abundant crops in considerable variety. The chief crop in the Free State and the Transvaal is maize (which we know as corn) and which the Union normally produces in exportable quantities, though this year the crop was short due to drought conditions in some areas. Wheat is also grown, but not in sufficient quantity to meet domestic requirements, and we were informed that approximately one million bags of hard wheat is annually imported from Manitoba for blending purposes and they want more. The important crop in the semi-tropical valleys of Natal is sugarcane, the production of which is normally sufficient to enable the exportation of considerable quantities. The potato also ranks as one of the leading crops of the Union, and tobacco growing is an important industry, both in the Cape and the Transvaal, and I can testify to the fact that first-class pipe tobaccos and cigarettes are manufactured in the Union.

Fruit growing occupies a very special place in the country's agricultural economy. Deciduous fruits are produced in great variety, and citrus fruits round out the all-year-round industry, which, in normal times, brings to the Union a rich return from overseas' markets. Allied to the fruit industry is the closely-controlled viticultural industry, which produces a fine range of wines and brandies, many brands of which are exported to the North American markets. It may come as a surprise to many to learn that the normal annual production of wine in South Africa amounts to over six million gallons and that the production of fine South African brandy amounts to over 3,500,000 proof gallons. It was our good fortune to visit one or two of the most famous of the wine-producing establishments in South Africa, and I can testify personally to the high quality—and the potency—of their products.

But it is in the realm of industrial expansion that South Africa has made its most spectacular advance. Like Canada again, the exigencies of war needs, coupled with an inevitable war-time reduction in the import of essential commodities, gave an impetus to industrial production which is being felt even in the post-war period. Almost limitless supplies of readily accessible coal, relatively cheap and plentiful electric power, a rapidy expanding iron and steel industry, incalculable resources of ores, metals, minerals and other raw material, harbours capable of accommodating the largest ships afloat, a nationally controlled system of railroads, road, motor and air transport —these are a few of the contributing factors in speeding the development of South Africa's industrial activity.

The story of the steel and iron industry of South

Africa is a wonderful record of high accomplishment in planned development. With vast ore-bodies available in strategic locations, many attempts were made, prior to 1928, to interest private capital in large-scale iron and steel production, but somehow they all failed. In that year the South African Iron and Steel Corporation Limited ("Iscor" as it is popularly known) was constituted by the Union parliament, and one of the world's greatest engineers, Dr. H. J. Vanderbijl, was appointed its first chairman. With the backing of Union government, Dr. Vanderbijl proceeded to accomplish a miracle. The "Iscor" steel works near Pretoria came into production in 1934, and are now producing an average of 520,000 tons of ingots each year.

But this government-controlled industry is looking ahead. It has laid out a huge town-site near Vereeniging which has been named Vanderbijl Park, in honour of the man who controls the operation of this huge enterprise. In this town-site a new steel plant is being laid out which will ultimately produce one million tons of steel per year. The area has been planned to provide homes for the thousands of workers who will eventually find employment there, and to provide sites for steel-using industries which will be encouraged to establish plants in the Park. The members of the mission were invited by Dr. Vanderbijl to inspect this vast project, and for my part, I came away with the firm conviction that this enterprise, when completed, will be one of the great industrial achievements of our day.

There are other industries, large and small, but all of importance, mainly centered in and around the cities of Johannesburg, Port Elizabeth, Durban and East London, though none of them approximate in magnitude to the enterprise at Vanderbijl Park, or to the mining of gold and diamonds. These industries include automobile assembly plants, agricultural implement plants, leather processing plants, footwear and leather goods factories, chemical plants, oil, paint and soap plants, jam and preserve plants, factories where tires and other rubber goods are produced and many others of lesser size. There is, however, one other industry which must be mentioned, though it cannot be classed as a fabricative industry: it is the production of wool, of which South African exports in 1945 amounted to $42,000,000.

It is possible that you are wondering, at this point, why I have spoken—almost exclusively—of the agricultural and industrial economies of the Union, when the primary purpose of the mission was to explore the possibilities of expanding our Canadian exports into that market. My reasons can be readily explained. In the first place, the purchasing power of any market depends upon its capacity to produce, and it becomes necessary, therefore, to assess a country's ability to pay for the goods it needs by reviewing its income sources. In the second place, one cannot expect to sell goods in any country, unless one buys, in return, the goods which that country normally produces; in other words, to give effect to the dictum "the world-trade street is a two-way street". And, in the third place, it must be remembered that the area of supply in a foreign market is not conditioned by the demand for consumer goods alone, but that industrial and agricultural development provide the need for other commodity classes.

I have ventured to summarize my conclusions regarding the South African market from the point of view of a Canadian exporter, and I offer those conclusions for what they are worth:

(1) Though there has been a phenomenal advance in the industrial development of South Africa during the past few years, fabricative industry, as such, is still in its formative stages, and it will be many years before productional capacity and diversification can supply any sizable part of the demand for capital and consumer commodities in the domestic market.

(2) As industrial enterprise expands in the Union,

there will be a continuing demand for all types of plant equipment from sources of supply overseas.

(3) The high level of purchasing power possessed by the white population of South Africa offers an an attractive and stable market for multitudinous types of consumer commodities, most of which must now be imported. In fact, the apparently unlimited market for imported goods is only on the threshold of its development, and, in my judgment, there are few Canadian-made products which would not be readily acceptable, and which would command a ready sale in South Africa.

(4) It may come as a surprise to some to learn that the native population of South Africa represents another enormous market for Canadian factories, if only the Canadian manufacturer will put his products in the experienced hands, and take the advice of South African agencies which understand the economics of selling in this distinctive market.

(5) In exploring the possibilities of both white and native population markets in South Africa, Canadian manufacturers would be well advised to negotiate with one of these established importer-distributor agencies. These agencies constitute a recognized and essential part of the market machinery in South Africa, and have an intimate knowledge, based upon long experience, of the peculiar and distinctive problems which both markets present to importers.

(6) But I think the best advice that I can give to Canadian manufacturers who may be contemplating entry into the South African market, or who wish to extend the sale of their products in the Union, is this:

If possible visit South Africa in person. Modern air transportation makes such a trip easier from the point of view of time taken, and the per-

> sonal contacts made and the first-hand knowledge gained will do more than anything else to ease the path of your products into this rich and growing market.

We left the Union of South Africa in the conviction that our time in that hospitable country had been well spent. It is, in truth, a great and prosperous land, proudly conscious of its important place in the British Commonwealth of Nations. Like Canada, it is a land of opportunity, for it possesses vast resources, which as they are developed, will add to the wealth of a land already rich. The hospitality we encountered, the kindness we experienced, and the sense of family relationship we felt during the whole of our stay will make our visit one long to be remembered by every member of the Mission.

We went on to visit the colony of Southern Rhodesia, where we met with a cordial and kindly reception. Our arrival there coincided with the issuance of governmental regulations restricting imports from Canada and the United States; however, this gave us an opportunity of frankly discussing the trade relationship between us, of impressing upon the government of Southern Rhodesia the extent of Canada's aid to the United Kingdom in her time of economic crisis, and of emphasizing the difficulties of Canada's own position in the matter of dollar stringency.

We found in Southern Rhodesia an adherence to British traditions and a loyalty to Britain that was outstanding in the measure of its intensity. It is a land as yet largely undeveloped, but it is richly endowed with coal, iron ore, asbestos, chrome, and many other metals. Gold, however, is, in point of value, its most important mineral, and constitutes the colony's principal export.

The capital city of Salisbury is now in every respect a worthy centre for a progressive and productive country, for it is a city of wide avenues and stately buildings, though it is little more than 50 years since it was founded. The other large city of the colony is, Bulawayo. There is romance aplenty in the story of Bulawayo's growth from the kraals of Lobengula—the Matabele king—to the beautiful well-constructed modern city of 50,000 people it is to-day—a transition which has taken place in little more than 50 years. Aside from the gold reefs of the surrounding terrain, and the fact that extensive coal deposits exist in the vicinity, the city stands in the midst of a wide tract of rich grazing land. It is also the centre of the commercial and industrial activity of the colony, and its industries include railway work shops, steel works, sugar refining plants, flour mills, soap and cement factories. But the chief industry of Southern Rhodesia is agriculture, in which the growing of tobacco is a principal occupation. Both Virginia and Turkish types of tobacco are grown, the production of the former type amounting to 46½ million pounds in the 1946-7 season. It is exported largely to the United Kingdom, but Canada draws its supply of Turkish tobacco from Southern Rhodesia. The territory around Bulawayo is also devoted chiefly to cattle-raising, and wheat, cotton and maize are becoming more important crops each successive year.

In the development of secondary industries, Southern Rhodesia has not yet made any pronounced advance—although plans towards this objective are under way. The government of the colony has inaugurated an iron and steel industry and a cotton-spinning industry. The output of the former, now amounting to 12,000 tons of steel per year, will soon be doubled when plant extensions are complete. In Southern Rhodesia and, in deed in South Africa also, hope was frequently expressed that Canadian capital would be attracted to their countries for investment. It was strongly felt that economic advancement would inevitably result, in turn, in an expanding African market for many lines of Canadian merchandise.

Though the import of certain goods into the colony may possibly be restricted at the present time, essential commodities will not be affected, and Southern Rhodesia normally offers a growing market, for Canadian lumber, paper products, iron and steel products, and many other manufactured goods, and I am convinced that this thriving and progressive colony will become, in the future, a substantial customer of Canada.

Some of the members of the mission had the opportunity to inspect developments in production at Tanganyika and Kenya colony, and were amazed by their magnitude and extent. They are striking examples of British enterprise. In the former territory the British Government faced with a world shortage of oils and fats, has inaugurated a gigantic undertaking to develop, within the next two or three years, three million acres of fertile land in the production of ground nuts, from which vegetable oils, fats, and a number of by-products can be obtained. It is estimated that the annual production will be between 600,000 and 800,000 tons, and the plan will ultimately give employment to some 750 Europeans and over 32,000 Africans. Incidentally, it is anticipated that the scheme will provide for the production of considerable quantities of cattle cake, after the oil is extracted from the nuts, and that this by-product would contribute substantially towards the increase of milk production in the United Kingdom.

In Kenya colony, too, the British government has sponsored a great coffee growing development. Already the colony has produced some of the finest grades of coffee bean grown in the world, and as more and more territory comes into production the output will constitute a sizable part of the world's supply of fine coffee.

I have no time left to tell you of the visits we made—homeward bound—to Egypt, to Greece, to Italy and Portugal, though the mission found much of interest in these countries in regard to their respective trade positions. I can also do no more than mention my short visit to the city of London and one or two parts of England, and repeat what the Honorable Mr. MacKinnon said yesterday in Montreal—we obtained a feeling that the United King- keenly interested in the future.

I have tried, as I promised, to touch upon the highlights of our visit to South Africa, which was, of course, the main objective of the mission. We did not attempt to secure special concessions nor tariff changes; what we tried to do—and what, I believe, we accomplished—was to discuss in frank, friendly and family conferences the trade opportunities opened up by the cessation of war; to ascertain the means whereby the channels of trade between our two countries could be deepened; and to bring about even a closer feeling of kinship and interdependence between the Union and our Dominion.

One thing I certainly gained; a deeper understanding of the significance and value of our citizenship in the British Empire, and of that Empire's destiny to guide again the nations of the world into the way of concord. The United Kingdom may be staggering under the blows of economic circumstance, but that she will rise unconquered to the stature of re-established world leadership, *I do not doubt.*

One other thing this trip has taught me—despite the hopes of its enemies and the fears of its fair-weather friends, the British Empire is still a long, long way from liquidation.

"THE WORLD WITHOUT THE EMPIRE"

An Address By

PERCY JAMES PHILIP

Ottawa Correspondent of The New York Times

Chairman: The President, Mr. Tracy E. Lloyd

Thursday, December 4, 1947

Rev. Sir, Honoured Guests, and Gentlemen:

Seldom, if ever, in the history of The Empire Club of Canada has a speaker been invited for the eighth time as its Guest of Honour. Today our Speaker enters this Hall of Fame.

Mr. Percy James Philip, Ottawa Correspondent of The New York Times, has been a welcome guest of our Club on each occasion, and no less on this his eighth appearance.

Our Speaker was born in Scotland and was educated at the George Watson College, Edinburgh—and later attended Oxford University. For twenty-one years Mr. Philip was correspondent for The New York Times and resident in France and since 1940 has been resident in Ottawa.

In 1940 our Guest prophesied that the winning of the war was going to be a long grim business and we can now appreciate that his prophecy has certainly been fulfilled.

Our Guest is well known indeed for his writing and nature sketches and it is interesting to recall that on the CBC network broadcast at the special ceremonies at Ottawa, inaugurating the new status of Canadian citizenship, that his poem, "This Canada of Ours", was sung by a chorus and was very well received. I have the song before me and I won't sing it for you today, but I thought I would recite:

THIS CANADA OF OURS

To Canada, our fathers came,
And gave the unknown land its name,
    This Canada of ours;
God grant that we will never let
That name be tarnished or forget
The joy of building mightier yet
    This Canada of ours.

The eager rivalry and strife
Of older nations brought to life
    This Canada of ours;
They fought for what they thought was good;
God in his mercy understood
And formed into a brotherhood
    This Canada of ours.

In strength together we will stand,
Defending our beloved land,
    This Canada of ours;
And never shall it cease to be
A nation where all men are free
In harmony from sea to sea,
    This Canada of ours.

This was set to music by Robert Donnell and I thought the Club would be interested in this further recognition of Mr. Philip's talents.

Our Speaker is well known for his scholastic attainments, his comprehensive view, his keen balanced judgment and his reasonable deductions as applied to present world affairs and we are assured of a very fine address on the subject he has chosen—

"THE WORLD WITHOUT THE EMPIRE"

Mr. Philip:

When you first did me the honour, seven years ago, of inviting me to address the Empire Club, we were in desperate danger. We were fighting for survival against the fearful force of a maniac enemy: and we were alone. France had capitulated. Russia had divided Poland with the Nazis, defeated Finland and annexed the little Baltic countries. The United States, becoming slowly conscious that Hitler's effort to dominate the world was not just something remote and unreal that you read about in the newspapers, or watched from a comfortable seat in a movie theatre, had advanced from a policy of cash and carry to one of lease lend. But the mass population of that great country was still neutral, in fact and in spirit. Canada was the only country on this continent which had understood the danger and dared to go to war for the preservation of freedom and decency in the world, without waiting to be attacked. That is something that will never be forgotten—in Britain, at least.

Over on the other side of the Atlantic, Hitler held all Europe from Norway to the Mediterranean, from Poland to the Pyrenees. England was being battered with bombs and besieged by submarines. It was not an agreeable or a hopeful situation.

Yet, my memory of those days is that we never for a moment lost heart, nor admitted that defeat could be possible. We fought patiently and shrewdly, letting the enemy waste his strength; and we endured, without weakening.

A lot of people nowadays claim that their countries won the war. It certainly took all of us to defeat Germany, Italy and Japan. But the final act in all endeavour is not the most important. It is what makes that final act possible that matters. The defeat of Germany was inevitable, once it had been shown that there was any people, or group of peoples, with the courage and capacity to stand and fight back. We were those people. It is something that others incline to forget, or prefer to minimize. Perhaps we do not advertise enough. But, that is natural. Mature people are always more modest than adolescents who must justify themselves with noise and boasting.

Now, seven years later, we have come to the time of reckoning. We can appraise the cost of that sacrificial defence of the world against Nazi domination.

In each of these yearly reports which I made to you about the war situation, I sought always to be factual and realistic. I told you in that first address that we could win, and would win, if we remained true to ourselves. In the years that followed I stuck to the facts of the situation and, as closely as I could I drew reasonable and not wish-or a political apologist.

So, keeping to my role of reporter, I have chosen for my title and subject today: "The World without the Empire". It may sound a grim title, but that is the situation. The British Empire has ceased to exist. It is no longer, as it was, the arbiter of the world. We are not a unity. It is no use trying to minimize the fact, nor pretend that it has not happened. And it is no use also trying to place the blame. One might as well quarrel with the whole course of nature. Improvished as we are, outnumbered as we are, we in the islands could not afford any longer to act as protector, policeman, magistrate and guide to hundreds of millions of other people. The time has come when these peoples must rule themselves and defend themselves if they can. It is something which has been long foreseen. The other day I read a passage in Macauley in which he forecast that some day India would become independent. It has happened. The countries of the Empire are now self-governing communities. Only the fragments and the tradition remain of what was a great unity and a great force. It is on how long the tradition and voluntary working of that unity is maintained, that the future of the world depends.

I do not think that you, members of the Empire Club, will expect me to applaud this passing of the power and leadership which Britain and the Empire gave the world, or to support the theory, as some do, that such change necessarily means progress. There was regression and not progress when Rome was overwhelmed by the Goths and her authority and law were lost. It took a thousand years for civilzation to begin to recover and take a new step forward.

We may hope, and we do sincerely hope, that such will not be the case now. I do not wish to appear pessimistic, as wishful thinkers sometimes say I am, but, while hoping for the best, I think it is the part of wisdom to follow the advice of Christopher Columbus: "Where you know nothing—place dangers", so that one can be prepared against them. Who, and what, are going to take the place of the British people and the Empire?

The Empire was never planned—as some think they can plan the new world authority which they believe can take its place. It just grew, out of the defeat of Spain, of Holland, of Napoleon and out of the character of the British people at home and those who went to distant lands, seeking new opportunity and carrying with them the beliefs, the habits and the institutions of their race.

Like all human endeavour, its history is stained. We were not perfect. We made mistakes. And yet, gentlemen, and yet, it is forced on my memory that even in our most jingo periods, when Britannia ruled the waves and all the rest of it, we did not abuse our power. We did not seek to impose our will and doctrines on other peoples by force, or economic pressure. We were rather respectfull of their ideas, religions and human rights. Ours was a humane rule. We did not destroy peoples, as some are now being destroyed in Europe. We created new ones.

We had one early experience of how *not* to run an Empire. Some Englishmen, whose policy was questioned and opposed in their own country at the time, tried to dictate to other Englishmen who had settled in this Continent. They did not succeed. Those other Englishmen, George Washington, Benjamin Franklin, Jefferson, Hamilton and the rest successfully defended the maintenance of this Continent of those rights and privileges of free citizenship, which their and our ancestors had won at home against Norman, Stuart and Hanoverian kings.

These American colonists were of the same breed as the Barons at Runnymead, forcing King John to sign Magna Carta, as Pym and Hampden opposing the levying of ship money, as the Earl of Chatham stating the citizen's case against the State, symbolized by the Crown: "The poorest man may, in his cottage, bid defiance to all the forces of the Crown. It may be frail, its roof may shake, but the King of England cannot enter: all his forces dare not cross the threshold of the ruined tenement".

Whatever else may be said and remembered about the Empire this will stand as the unshakeable truth, that its citizens have always been free within the law and the law was made by common consent. The State was the servant and never the master of the individual.

When Paul of Tarsus made his claim "Civis Romanus sum", he did so knowing that as a Roman he was placing himself under the protection of the law against the passions of his enemies. It was the same under our Empire. I remember a Rumanian friend of mine who spent some years in South Africa, telling me how he brought suit against the Johannesburg street car company. He was a foreigner and the case was a complicated one, for it hinged on his ability to control a horse he was riding. "Are you a good horseman?" the magistrate asked. Coached by some English friends not to try to be smart, the plaintiff replied: "Not very good". He feared that by being truthful he had lost his case, but the magistrate took a different view. The Plaintiff, he said, had not sought to mislead the court and he gave a verdict in his favour.

It was only in a British country, my friend said, that one could ever hope and expect to find such fairness to an individual and above all to a foreigner, suing a public company.

They sneer some times in other countries at our national game of cricket, which we never compelled anybody else to play as a proof of good citizenship, at our old school ties and fair play traditions, but I wonder if, in this new world which is being made, there will be such a standard of justice, such freedom for the individual and such independence of nationhood as there was within the Empire.

I was a boy at the time of the Boer war, when opinion was divided in Britain, as all over the world. It was, we were told, an imperialistic war. Perhaps it was. But what stands out in my memory is the comment of an old German friend of my father's at the time when Mr. Lloyd George tried to address a pro-Boer meeting in Birmingham, and had to be smuggled out of the hall disguised in a policeman's cloak and helmet. "It is only in England", that German said, "that such a thing could happen, that the police would protect the freedom of the individual, to denounce the policy and actions of his government engaged in war".

That was at the peak of our alleged imperialism. But there was freedom in the world, freedom for a man to speak his own opinion, freedom of trade, stability of currencies, with free circulation of gold, freedom from fear and whatever may be said about the great benefits of enlightened social legislation, there was no such hunger and want as there is today in Europe and Asia.

I need not emphasize the contrast between those days and now. I shall say only this, that we were not afraid of anyone, and no one was afraid of us. There was no concentration of wealth in one corner of the world, while the rest starved. The little nations lived confidently and the great grew greater, because of the pax Britannica. The world lived in faith and not in fear.

Out of the freedom of criticism which was permitted without question in England during the Boer war, came that magnificent gesture which gave self-government to the Union of South Africa and brought forty years later that tribute from Field Marshal Jan Christian Smuts that the British Commonwealth would forever remain an example and pattern to the whole world.

It was natural and inevitable that the lands which had been settled by people of British stock, where British traditions, laws, institutions and stubborn individualism were continued, should move quickly towards self-government. The only tie that binds them to the United Kingdom is the symbol of the crown, whatever some people in Chicago may believe. Even the tie of common interest has been weakened by recent events. You in Canada have certainly had the short end in these past few years. Yet the amazing thing, the magnificent thing, has been that Canada, Australia, South Africa and New Zealand have remained—I won't say loyal—but affectionately attached to England in her distress.

In that occurrence, and the close tie of language and law between us and the U.S.A., there is ground for hope that an English speaking association of free nations can be built which will again be able to speak with the authority and set the example of the Empire. Mr. Churchill and Lord Halifax at Fulton did not get very far with the idea. It seems to be only in emergency that we unite. But we shall have to come to it. I wish to speak very frankly. The future now depends on you—the successor states of the British Empire. I shall not try to preach to you, nor tell you what to do—that kind of thing always raises our hackles, whether we are English, American, Canadian, Australian, or any British stock. I would prefer to point my moral another way.

The only country in the Empire which does not have home rule is my own country of Scotland. I am not complaining. There are a few professional home rulers among us, ambitious to become big shots in a small community. But, when I was home last year I asked a fair cross section of my countrymen, as uninformed Americans sometimes ask you, if they did not want to be free.

The answer that I most usually got in the pawky Scottish manner, partly ironic and partly common sense, was: "What would the poor English do without us?" A few others added—"and what would we do without the English?"

For myself, certainly I would rather see Scotland taking her share as she has done in the past, helping keep order in the world, seeing that justice is done, protecting and developing trade and human well-fare, than huddling among her hills, content to benefit by what others have done without herself spending a soldier or a shilling to maintain that world of free self-respecting nations which the British Empire built. My countrymen have made the world their country. They have taken the larger view and helped bear the burden of others, and that seems to me a much better and greater thing than to stay at home nursing an independence which they could not by themselves assure.

The nations of the Commonwealth have twice in a generation gone voluntarily, magnificently to the defence of that system of order in freedom which the Empire was. But sometimes in Ottawa, when I hear people talking big about Canada's great overseas trade, I wonder what it would all have amounted to if it had not been for British guardianship of the freedom of the seas. That old saying of ours that trade follows the flag has been much reproached to us but the Gentleman Adventurers of Hudson's Bay, the Clives, the Cecil Rhodes and the British Navy, opened the way to every trading nation in the world and not just their own.

South Africa is Canada's third best customer, and yet how small a part has Canada played in the development of her sister Dominion. Oh! I know you were busy with other things. You had no surplus population; but I also notice that you are paying a great deal more in hard cash and hard work to keep the United Nations alive, than you ever contributed in normal times to maintaining the Empire. You are certainly accepting more commitments than membership of that other United Nations of the Empire ever imposed. You have plans for hemispheric and world peace defence—but shy away from any Empire plan.

I shall not labour the point, but the old story comes to my mind of the dog that dropped its bone in the water, while it snatched at the reflection—exchanging shadow for substance. I hope that will not be true in this case. Indeed, I am sure it will not, for you are prudent people with a notable record for making the best out of both hemispheres and all your associations. It is, however, worth while keeping in mind that separately, we countries of the Commonwealth are pretty small potatoes beside these giants the United States, the Soviet Union and even the ninety million Germans who live in central Europe. For our own preservation and the preservation of those things we believe to be true and right, we must stick together while each in his own way developes his strength. If we can do that, not just in emergency, we shall still be a power and an influence in the world, but if we do not, if each seeks to go his own way, we shall all become of little consequence. There is no future for narrow nationalism, and narrow provincialism in this dangerous world.

We must not deceive ourselves. There are people all over the world who would like to see the Commonwealth disintegrate. The Kaiser and Hitler fed themselves on that hope. They were greatly disappointed. There are still some who see in the granting of self-government to India and Ceylon, of independence to Egypt and Burma, an opportunity for themselves. I wish I could believe in the purity of motive of some of those who have sought to hustle us out of Palestine and reach by pressure methods what they call a solution. I wish also that I could believe, as some seem to do, that national independence, what they call freedom, is a cure-all for the world's difficulties. It usually means disunity, rivalry and strife.

Let us look, just for a moment, at what followed the break up of other Empires. Athaulf the successor of Alaric the Goth in the Fourth century tried to restore the institutions of the Roman Empire and the rule of law when he found that the untameable barbarism of the Goths could not replace them. The South American republics have been indulging in little revolutions ever since they shook off what the Bolivars and O'Higginses called the shackles of Spanish Dominion. It certainly has not been the case that life in the succession states of the old Austro-Hungarian Empire has been happier since their union under the dual monarchy was dissolved.

These are not encouraging examples of the benefits to be derived from independence. Yet, once the ferment starts, there are only two ways to deal with it—either suppress it by force, or take the risk of granting it.

Ever since that unfortunate experience with the American colonists the British people have preferred the latter course. They themselves, in their little islands, have strongly preserved different national flavours. They have never long refused self-government to any people who showed that they were capable of self-government and would respect the rights of minorities among them.

I remember once a young Nazi lad, on the road to Nuremberg, asking me how many soldiers England kept in Canada and South Africa. When I told him none, he could not believe or understand it.

Even India was never held within the Empire, as the Germans and others would have held it, by military and police force. It was done by the art of government, which is a rare art and not to be confused with much legislation. It was done by honest administration and fair treatment.

Now the task of self-government has been handed over to the people of India themselves. The choice has been left to them, whether they remain within or separate themselves from the Commonwealth. As between British and Indian it has been done without violence, without bloodshed, a striking contrast in a world where formerly independent peoples are being held in terrorized subjection by those who dare tell us that theirs is the real democracy.

The King has abandoned his title of Emperor of India in a gesture of goodwill unprecendented in history.

But only the very foolish can shut their eyes to the dangers ahead. India will need help, not only the help that a few Englishmen like Lord Mountbatten can give her, but the sympathetic help of all the other countries of the Commonwealth—not just in words and congratulatory telegrams, but in real service.

The partition of that huge area and population into two States was not what we wanted. It was not what the idealist Mahondas Gandhi wanted. Partition was an arrangement, however, which was agreed to by both parties, unlike that which has been forced on Palestine by a majority of countries with little knowledge and no responsibility. Even so, it has not been possible to do it peacefully. There have been massacres and hate fighting between Mohamedans and Hindus. There are some fifteen million displaced persons now in India, seeking to establish new homes in one or other of the two States, who used to live, unafraid, side by side, except for an occasional fracas, secure in the knowledge that an impartial British justice would protect them.

Mr. Nehru has publicly accused the Pakistan authorities of having formented the tribesmens' attack on Kashmir. There is danger of war between the two Indias.

It is not for us to criticise. It is difficult enough for some of us who have had long experience of self-government to live at peace among ourselves with neighbours of a different race and different practice within the same religion.

But what has happened in India must be considered in relation to what has happened and is happening in the rest of Asia, if the risk and danger are to be appreciated. In China, the abolition of the old Imperial regime has been followed by incessant civil and foreign war. In Indonesia, Siam and Indo-China there are trouble and confusion. In defeated Japan, where the regime has been at least modified, the problem remains of a densely crowded population without outlet. There is no established authoritative government anywhere in Asia with its hundreds of millions of people of different races, different religions, different degrees of civilization, except along the northern strip of Siberia out of which the wind may blow at any moment southward. And who, now the British have gone, is going to prevent it?

The white Christian peoples of western Europe, of America and the South Pacific, in whose community and civilization we belong, are far outnumbered by the dense mass of the Asiatic peoples and Russia who have never known our kind of freedom, our kind of self-government and our standards of living. They are accustomed to masters, whether they are Manchus and mandarins, the sons of heaven or the British Sahib. Their recent experiments in our kind of democracy have not been fortunate for those who have tried them.

Among the leaders in India and in China are great and wise men, but it is still doubtful if the mass will ever respond to moderate legal government and will not constantly seek to return to government by a master who will protect them. Even in Europe we find the tendency to accept single rulers and single parties far more common than the capacity to develop and hold to that give and take, elastic compromise and comprehensive system we call democracy. It would be, perhaps, more practical on our part to admit, while we defend our own, that other systems of government may be necessary. They become our concern only when they abuse their power or threaten us.

In this uncertainty, who is going to replace the British magistrate, often with only a single policeman to maintain the law, who kept order and did justice in whole provinces of Asia and Africa?

For the United Nations the first real test has come with the decision to partition Palestine. Perhaps it is because I have seen so many artificial countries and regimes made and broken in one lifetime—Poland, Czechoslovakia, Lithuania, Estonia, the Austrian and Hungarian, even the German republics—that I cannot regard this piece of manipulation without misgiving. We can only wish it well and hope that those who are responsible will bear their responsibilities. At the moment it looks as if we, as usual, were to have to hold the bag and get the blame.

How to conclude? Looking back we can fairly claim that the Empire was no pomp and glory parade and no tyrannic imposition of a system. It was something that grew out of character and experience, that developed trade and the standard of human life, that spread education and dealt justly. It maintained order and peace without excessive display, or use of force. It fought successfully when attacked for the defence of its own and other people's national and individual liberty. It allowed every man who lived below the Union Jack to think, to speak and to worship as he thought right, and even to have his own national flag if we wanted one. Its rulers were no ego-maniacs who sought to impose their personal will, and their chosen ministers and magistrates were decent people who maintained the dignity of their office while they remained the servants and not the masters of the people.

Now it is finished. We are the end of an era. England is no longer the head of a great system. She has given their independence to all the peoples who composed the Empire. She will continue to do her part, but it is for them, each in their own way, to bear their own responsibility and do their part. It is on them that depends the maintenance of freedom, of justice and religion in the world. There never was a time when the prayer was more essential:

Lord God of Hosts, be with us yet,
Let we forget, lest we forget!

"AN AMATEUR LOOKS AT THE CANADIAN ECONOMY"

AN ADDRESS BY

ARTHUR LE ROY SMITH, K.C., M.P.

Chairman: The President, Tracey E. Lloyd

Thursday, December 11, 1947

HONOURED GUESTS AND MEMBERS OF THE EMPIRE CLUB:

It gives me a great deal of pleasure to welcome to our Club Mr. Arthur Le Roy Smith, K.C., M.P.

Mr. Smith is senior partner in the legal firm of Smith, Egbert and Smith and is the present Progressive-Conservative Member for Calgary West in the House of Commons.

Our guest of honour was born in Regina and received his education there and at the University of Manitoba and Osgoode Hall and was called to the Saskatchewan Bar, practicing law in Regina and later in Calgary. Our guest is recognized in the House as a keen debater and, in fact, has suggested that the Government provide some course of research studies to prepare and improve the Members in their activities in the House of Commons.

Our guest is a keen sportsman and is particularly fond of shooting, fishing, hunting and golf.

I extend a very warm welcome today to Mr. Arthur Le Roy Smith, K.C., M,P., on this his first visit to the Empire Club of Canada, and although no subject for the address had been announced, I have no fears whatever in this respect as I noticed his subject in the House of Commons the day before yesterday was "Pigs Bristles".

Mr.Smith:—

MR. PRESIDENT, Gentlemen of The Empire Club of Canada: I have a subject and in signing your guest book a moment ago I had to give it a name, so I may as well give you the same one. Perhaps you will say that is the only consistent thing in what I am saying to you today. I call it "An Amateur Looks at the Canadian Economy".

Everybody who speaks in Toronto, I am told, must tell a story. This one is appropro of nothing at all, but a week ago Sunday I was listening to a preacher away out in Calgary and I was able to say "Ladies and Gentlemen", so since I got it from the preacher it should get by with the rest of you people here. It was a story about Toronto. I know there are many of them but I hadn't heard this one.

A man came to Toronto who had never been here before, and he stayed at this hotel. The next day was Sunday and he asked the clerk where the centre of Toronto was. He said, "King and Yonge Streets". So that morning, getting directions, he went over there and he saw no one. There were no people, no motor cars, nobody in the centre of Toronto. So he found a policeman finally and he said, "IS this the centre of Toronto?" The policeman said, "It is." He said, "Where are all the people?" The policeman replied, "Well, this is Sunday. There are only three major religious groups here. The Roman Catholics are at church, the Protestants are in bed, and the Jews are in Florida."

Now, I am going to say something about what has come to be known as the Geneva Trade Agreements. May I assure you, Sir, that I will express no opinions, because I would not offend against your hospitality, as I know this is a non-political organization. I say, however, that I am going to say something about that because I know of nothing of such vital interest to business people which you are and which is before you at the present time or has been before you in a great many years.

As you know, twenty odd nations—twenty-six, I think it was—met in Geneva and finally emerged with an Agreement. It is an amazing thing to me that twenty-six nations could ever emerge with any agreement, and in its favour, may I say I think that was a great accomplishment, namely that they accomplished anything at all.

The Agreement itself is broadly based on this, that there shall be no discriminations in trade between those twenty-six countries. In other words, it begins in Paragraph 1 and says that so distinctly—I won't read very much to you, but it says this: The products of the territory of any contracting party imported into the territory of any other contracting party shall be exempt from internal taxes and other internal charges of any kind in excess of those applied directly or indirectly to like products of national origin.

I don't think I need read any more of this paragraph. There is quite a lot of it. It goes on to Section 2: The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal economy, purposes, transportation, disposition or use. or use.

Then they go on to something of considerable importance and they say: In applying the principles of Paragraph 2 of this article to internal quantitative regulations relating to the mixture, processing or use of products in specified amounts or proportions, the contracting parties shall observe the following provisions, and without reading them they provide that it shall be in breach of the agreement if anyone fixes the proportion of the machines to be made at a greater percentage than that allowed to any country from which those goods are imported.

Now, I don't want you all to jump up and say that immediately destroys our control of our own internal economy because in this document there are many clauses which are really escape clauses and which permit deviations from those hard and fast rules.

In other words, the basis is this, that if it were not for the escape clauses it would mean we could not say, for example, to the Ford Company in Windsor, who now under rules have 51 per cent. I think of Canadian-made production in their cars, we would not be able to say that from now on that will be 60 per cent. We will not be able to say, for example, to you people in Ontario or to the salmon fishermen of B.C., "You shall not place any bar on the export, we will say, of raw pulp down here or of canned salmon," or something like that out there.

In other words, if these three major things which I have read you meant exactly what they say in such plain language, it would mean that we had forever bereft ourselves of control of our own economy.

Then this is a further clause and in this I think there is no escape clause, that there would be no way within ourselves whereby we could assist the transfer of Alberta coal down to this Province of Ontario which has no coal.

Now, remember these nations are again meeting in Havana right now, after this agreement has gone back to the various Legislatures, and it is true that changes will probably be made but there is one other clause which I think is of very great importance and on which you people will have to make up your minds, and it is there that this Agreement practically throws British preferences out the window. In itself it eliminates the great majority of those articles where we have been trading in the Empire on a preferential basis.

The basis of the Ottawa Agreements which were passed in 1932, many of them are now gone, and there is a clause in here saying that the balance must be negotiated but there is no negotiation upward. The only negotiations allowed in this document are negotiations downward.

As I said to you, I express no opinion to you and although I must say with respect to that latter I am very sorely tempted to express an opinion but I won't.

Then the next thing that we are dealing with. and I think I can express an opinion on that—I express no opinion on the matters I have touched on because this is presently being debated in the House of Commons in Ottawa—the next major step which was taken on that fateful 17th day of November, was that we completely barred a great many imports from the United States. We put others on quotas. The quotas have not yet been established and we have created an excise tax both on imported articles and on articles made right in this country.

You people with Fords and Pontiacs, you know the excise tax went up from 10 per cent to 25 per cent on other articles they received, in some cases a boost of one-third.

Just before I left home I think I had the saddest example of the working out of that thing. A man who I did not know until I spoke to him a few days ago, came to see me. He had a small capitalization and he and his brother had a little business. They were small manufacturers of castings for refrigeration production. They brought their refrigeration elsewhere, in this case from Los Angeles in the State of California. They had a capitalization which was small but he used all his capital and what he could borrow and brought in from Los Angeles $9,000 worth of this equipment. It landed in the C.P.R. station and was in the freight shed in Calgary at a quarter past three on the 17th, at which time he was notified by the railway. He got in touch with the Customs Brokers and they told him, which was quite right, that at that hour it would be impossible to get the Customs people there and clear his stuff.

That night Mr. Abbott made his announcement. He went the next day to get his $9,000 worth of goods. There was a tax on it of over $3,000 on the man's own goods lying in the C.P.R. freight shed, and if it had been taken out the day before there would have been no tax.

There is a man who is broke. His customers to whom he had the stuff largely sold say, "Why should we buy? The Government have announced this is only a temporary arrangement. We can do without the refrigeration for a little while." The man can't send it back. He can't pay for it and he can't sell it, and there he sits. That is how stringent the rule is.

I immediately telegraphed the Minister of National Revenue and he wired me back that no exceptions could be made, and I am going to say this: This excise tax I have discussed in the East with some people, but at home with many people, and I say to you, that I have not yet heard from anyone any justification of that tax. Nor have I heard while we are barring American motor cars in our dollar situation, nor have I heard any reason given why when we did that we should bar British motor cars when we are trying so hard to help Britain by way of trade, by way of purchases and gifts and in many other ways.

I must say I look forward with very great interest to some one attempting to justify that in the House of Commons.

Now, I have mentioned these things briefly, really with something in mind. That is what are we in Canada to do to remedy this situation?

You will remember that you in the Province of Ontario last year were threatened with the discomfort and inconvenience of freezing to death on account of a strike of the Great Lakes seamen. You couldn't get your coal across. We did get box cars taken away from the wheat business and put them in on an all-rail haul to bring coal into your City of Toronto, in order that you people might keep warm.

The point I make is this, Mr. President, that this country of Canada, in a thing as essential as coal—I am going to talk to you a bit about oil in a moment, too—in a thing as essential as coal should not be at the whim or mercy of any other country in the world.

The only way that can be accomplished is for us to cease being sectional, to regard coal as a national coal policy, as a national proposition.

You will say didn't you have a Commission sit for two years? We did. We brought out a great volume.

Two of the Members of the Commission were close personal friends of mine, but I am saying this: It never was regarded as a national problem.

Supposing we can supply you in Ontario with Alberta coal. Think of all the people and railways and others who would get employment. That has never been taken into consideration in any investigation of this problem that has been made, so far as my knowledge goes.

I want to say a word about Alberta coal. I like it. Somebody else says, "Oh, Alberta coal is no good." You may as well speak of horses where you have thoroughbreds—Clydes and Percherons and Shetlands, and so on. They are all horses but you have entirely different kinds. That is the situation with your Alberta coal.

I noticed in your newspapers only a few weeks ago where the District Superintendent of the C.N.R., I think in Windsor, or maybe Sarnia—I think it was a border town—said that the Alberta coal was no good to burn in engines, that it didn't go so far. They had been using Alberta bituminous coal in the C.P.R. and in the old Grand Trunk, long before it became the C.N.R., long before this man was born, and it gave the utmost satisfaction.

It is loose statements like that that upset us as a nation. Because we are far-flung is no reason why we shouldn't be able to play with you. You buy the things we grow, we buy the things you make. Let us not have statements of this kind bandied about around this country. Let me make this statement: We have coal in Alberta for all uses that is just as good as anything you buy in any coal dealer's in the City of Toronto. I admit a great deal is not developed.

When it comes to quantity—I see the fellows who really know are here—out there we have two rivers, and in between the two a mountain range. I have been at both ends. I have seen a seam of coal forty feet thick on the one property. There are seams, five of them, running all the way from eight feet to forty feet. I imagine the distance I spoke of is probably thirty or thirty-five miles or something like that.

Let us have no worries about quantity. The coal is there. It is still uncontradicted that Alberta has 14 per cent of the known coal products of the world. So here you are down here, paying high prices, it is true, sometimes worrying about your supply, and in this Dominion of Canada of ours we have it there and not a finger has been raised to move it except a subvention for certain periods of the year of $2.00 per ton.

I mention coal and then I am going to discuss oil for a moment, for this reason. The only way to meet this continuous shortage, shall I say, of American dollars, is to develop something ourselves to replace them. Bars and prohibitions may be all right for a matter of weeks or months or perhaps a year. They may be necessary. I think they are. Some bars are necessary now because we would shortly be in the position where our economy would be wrecked because we had run out of American exchange. But remember this: I don't care whether it is a mink coat you buy, or a double boiler that your wife uses in your kitchen, every time you have a bar on trade you reduce your standard of living. There isn't any question at all that the present bars which have been put on, necessary as I think some of them are, are going to reduce the standards of labour in this country.

One word about the excise tax. Now, this motor car with the Indian's head—the Pontiac—the rise in price is $195.00. With us two things happen. If people buy those cars at that price that is inflation. If they don't buy at that price people lose their jobs and that is depression. You can't do anything else with that proposition than that. It is going to go one way or the other. Certainly we don't need the money. We have $700 millions now in taxes collected over and above the estimates given at last year's Parliament.

Now, let us turn to a question of oil. You will think I have come to your Empire Club to brag about Alberta.

Perhaps I had better admit it. Now, take oil. I have forgotten the amount of money but it is well in excess of a hundred millions that we import in here. In this Province of Alberta of which I am so proud we can now speak of oil fields, using the plural. There was a time when it was only an oil field, and that was Turner Valley which we admit is on the down grade. Oil does not reconstitute itself. It is just the same as when you buy a barrel of beer. Just the minute you pull the bung the barrel begins to die. It is just the same in an oil field—it is in exactly the same position.

But now in Leduc we have another oil field. A Canadian oil company prior to that time had invested $23 million dollars in exploration without a dollar in return. Not bad for private enterprise, Mr. Chairman. They did that. I said in the House of Commons last June, and I was criticized by the people to my immediate left, that I hoped they made a hundred million. I hope so. Unless people are making money business stagnates. This remarkable thing has happened. They have drilled about 29 wells at Leduc. They have 25 successes. It is estimated now by people who should know that that field contains a reserve of a hundred million barrels of oil.

I know you can't see this map but I am going to hold it up because it will help me if it doesn't help you. There is Calgary down there and Leduc up there. There they are, 198 miles apart. It is 139 miles to Lloydminster. We have Turner Valley and the big field at Leduc. That is a big oil field. It is low grade—fuel oil and that sort of thing, although they have a refinery there and they are refining it, but it is what we call low gravity. But the C.N.R. are burning it in their engines. It is a big discovery. It is 139 miles east of Leduc radiating to Calgary, and in the southeasterly direction we have four of five producing fields. It is a very pleasing prospect indeed.

Now, this oil is found in what they call the Devonian limestone, and it is our first production from Devonian.

Now, Mr. Chairman, why should not the situation which prevails in Texas prevail here? These fields are on the plains, with the exception of Turner Valley. They go from Texas up through Oklahoma. Why are they going to stop at the 49th Parallel? Go north and there are good oil fields at Fort Norman. See the tremendous amount of money spent on exploration—a million a month now. All the American companies that are in there—why should that not become a really great area, not an oil field but an oil province?

I admit there is not much doing in the Province of Saskatchewan because the companies think if they find something the Government will take it away from them so most of the exploration is being done at the present time in Alberta.

Now, what are we asking from the Government? Subventions, bonuses and so on? No, not a nickel. All we are asking from government is this. We pay 17.5 per cent gross royalty to the Provincial Government. There has been $166 millions go in the ground for oil and only $156 millions back — $10 millions in the hole at the moment. Yet private enterprise is going on and risking capital. What do we want? We want only one thing. We want relief from income tax when we have no income. That is a strange thing to say.

Now, say we group at the head table here form a company. I look around and I see Mr. Weston. We would make him President. He is such a gambler, you know. Supposing we form a corporation and get some money and we drill a hole. It is a good hole. Then we go out and drill one that is a duster. That means it is a dud—we don't get anything but dust. Then a little more and we drill another one. Then in 1943 they permitted us, not until 1943, to write off against profit from the Number 1, which was producing, to write that off against income tax. Now, my point is that the oil business doesn't object to paying taxes on profits, called income taxes, when they are taking it from their capital. That is all the oil industry asks of any government. And I ask you here just to cast your mind forward a little bit. You know we use far more coarse grain per capita out there than you do here because your farms are mechanized. That is the simple answer to the whole thing. But oil is something you can carry. You don't need freight cars. You need a pipeline. Your first cost is probably your last one. I admit there is upkeep needed, probably stations along the line. You need men walking the lines to see that there are no leaks but it is a comparatively small expense once that is done. I don't know if the companies there are able to do it. If they are not we might ask someone, not to give us anything, but to lend us some capital and charge it to them until they get their money back. There never could be a better proposition.

I mention one more thing. That is our cattle situation. We have more good quality cattle on the hoof today in Alberta than at any time during our history. Yet we have an embargo placed by the Dominion Government against this cattle and we cannot sell one in the United States. The price per pound in the United States is at least ten cents per pound higher than it is in the Dominion of Canada under our meat agreements with Britain, and so on.

Before I say anything more I want to pause and say this, I don't want anybody to think that I am standing here suggesting that we should not help Britain. Our view is this: Help Britain with food as we are doing, yes—give it to her, if necessary. We owe it to her. But let the nation pay it and don't have the poor farmer pay the whole shot as he is doing in cattle, hogs, eggs, chickens, wheat and everything else we are shipping over there today. That is the situation today. I know you men would say, because it is the only fair way to treat the matter, that there is no reason why they should bear the whole burden. The United States is the natural market for our cattle. You ask why. Britain's natural purchasing place is the Argentine because she can buy beef cheaper in the Argentine. They have a climate where the cattle run out for twelve months of the year. In Canada cattle have to be fed in the winter months and we just can't compete with the Argentine.

I am not going to be one of those persons who say to Britain because we help you now we are going to ask you to pay us more money when the Argentine market comes back. We will never pay our debt to Britain during the lifetime of any man in this room. There is no question about that. I believe so firmly that they should let us get at least a few cattle into the United States. The stock growers came down to Ottawa last year and I went with them to see the Minister. They made their offer. They wanted token shipments to go there. They wanted to keep the ditches wide. They felt unless the markets are kept open something will finish them. This is our natural market and there we will get American dollars. The cattle men didn't want the extra price. They made the offer to the Government: You keep the extra price and put it in some fund for the good of the cattle industry generally. They are just as patriotic as anybody else and I know, personally, that they made that offer.

Now, I have tried to say this in my stumbling way. I come back to it. Money, as the very famous man in Alberta, the late Mr. Aberhart, once said, is only a token. Production is what we need and must have in this country. Take your gold down here—$200 million dollars a few years ago, and $86 millions now. Go up to Northern Quebec and look at those towns where their quarries are low grade and you have dying communities on your hands. Yet gold is the thing that helped carry us through the war. Somebody says it is no good. They put it in Fort Knox. That may be but it has a market, Ladies and Gentlemen, it has a good market and it should have a better one.

Now, I have put these things before you, for another reason. Let us compare these things which we may do with our population position. Canada in the last fifty years has brought in about 4,500,000 immigrants. We have emigrated from Canada all of those except about 300,000. In other words our growth has been pretty much our natural increase and nothing else. In the year 1946, 30,000 Canadians left Canada. One in every ten was a graduate of a university or of a technical school. They have gone, or practically all have gone to the United States and we are replacing them with what? Persons from displaced persons camps in Europe. Why are they going? Because opportunity is not here. And it seems to me some group like you, some business people should get this thoroughly into our heads, that the business of government is not to provide security from the cradle to the grave but to provide opportunity for its people so they may create their own security.

Recently I have had occasion to make a study of pension plans in three or four business institutions as contributory pension plans. The experience is this, that everybody over forty wants to join the pension plan. Those from 25 to 40 don't. They don't want to pay. They think they can look after themselves. It is a credit to the young people of Canada that they do think so. But they can't do it unless there are developments here that will permit them to make a stake. So here we are, occupying fifteen per cent of our territory, a little strip along the 49th parallel. We know that in Canada we have the greatest formation of mineralized rock in the world, the PreCambrian Shield. You have it in Ontario and Quebec and it runs clear across Northern Alberta and up to the Yellowknife, Indian Lake and those regions. And uranium —we must not mention that. Walter Winchell did that and then he didn't go north. Certainly we have minerals in the mineralized area. The day is gone when the idea prevailed that when you were at the North Pole you froze all the time. Steffanson exploded that idea years ago. It is not nearly so cold at the Arctic Circle as in some places in Montana which had all the records until last winter. I did see the photographs of 81 at White Horse and around there. So it seems to me if we are going to be realistic we realize we have had the dollar deficits every year. There has never been a year even in the war years when we were selling so much munitions in the United States that we haven't had a dollar deficit. It is surprising some of the things we were buying. I commend your getting for your evening reading a brochure published by the Department of Trade and Commerce. It lists what they call miscellaneous articles. It is an amazing thing to me in a country like this that we were importing from the United States telephone poles and railway ties. Here is a country absolutely covered by railway ties and telephone poles from one end to the other. Yet we were importing them. We were importing live turtles. There were I think three or four hundred items. We imported $600,000 worth of ice from the United States. Here we are living next door to the North Pole. Those things will happen.

The message I want to leave with you is this, that we must be doing, we must be producing, and this above all. People have short memories. My experience teaches me that the public memory on public questions is only about six months. But in 1940, Gentlemen, a little Island stood alone. Today, let's not forget her.

"HOW TO MAKE A CHRISTMAS SPEECH"

AN ADDRESS BY

H. NAPIER MOORE

Chairman: The President, Tracy E. Lloyd

Thursday, December 18th, 1947

REVEREND SIRS—HONOURED GUESTS—and particularly OUR LADIES—and MEMBERS OF THE EMPIRE CLUB:

I know you are all delighted that our Club is favoured today by having as its Guest and Speaker one of Canada's best known Journalists—MR. NAPIER MOORE. Mr. Moore is Editorial Director of The MacLean-Hunter Publishing Company, Limited, who publish 36 magazines, trade, industrial and financial publications—even I understand when there is a strike—and for 20 years was Editor of MacLean's Magazine and has been Editorial Director of 'Chatelaine' since its establishment.

Our Guest of Honour has had a wide, colorful and varied newspaper experience and was City Editor of The Montreal Mail and for ten years was with the editorial staff of The Montreal Star—five of them as Resident New York Correspondent of that paper. Our Guest was also North American Correspondent of The Australian Press Association and New York Correspondent of The London Daily Express. In the editorial interest of MacLean-Hunter publications, our Guest has travelled widely and continually and has an intimate knowledge of all Canada. During the War and since the War he has also criss-crossed The United States making our Dominion more widely known over there.

Your Chairman thinks he has heard quite a number of brilliant addresses by outstanding speakers but one in particular stands out in my memory on the occasion of a dinner given to Mr. R. L. Kellock, K.C., on his elevation to The Bench, when Our Guest of Honour proposed a toast to The Bench, which was responded to by Chief Justice Robertson. This was a formal occasion and was an outstanding and eloquent toast.

Now, on the other hand, Our Guest, if the occasion arises, can be extremely humorous.

I am not sure today exactly what the title Our Guest has chosen may imply but we are looking forward, with a great deal of interest to whatever he cares to say to The Empire Club and its Guests on this Christmas occasion.

Mr. Moore:—His subject,

"HOW TO MAKE A CHRISTMAS SPEECH"

Mr. President, Ladies and Gentlemen: My presence before you this afternoon clearly indicates that people are invited to make Christmas speeches, and it further demonstrates that almost anybody can be invited to make a Christmas speech. It may be that you here may be invited to make a Christmas speech and I thought that my good deed for this festive season might be telling you how to go about the business of making a Christmas speech.

In the first place it is an extremely difficult subject. There is so little new that one can say about Christmas. But, getting into any subject, first of all one must arrest the attention of the audience. Usually that is accomplished by the telling of a story. So the first point is what story do you tell? In order to be sure, because one should never tell a story in a speech that has not some application to those participating in an event, the thing to do is to telephone to the Secretary and say, "Who else is on the programme?" Then they tell you perhaps that at this Christmas function there will be singers. There will be a tenor soloist.

Now, there is your chance. That immediately leads to the story of a very distinguished Welsh tenor who in his declining years wasn't much use on the concert platform so he took to singing in church cantatas and oratorios, and he sung all over the United Kingdom in these things and he got a little bored by the performance and sought a little variety.

There was one number that he used to do with enormous success. I am no musician and you must forgive me, but just to give an idea, he used to sing out in "Lo, and God said, Fly Away". (That is not bad at that.) He thought a little variety might be interjected if he got some other singer to sit up in the top gallery and come in as an echo, so when he sang "And the Lord said, Fly away", there would come softly, "Fly away".

He did this. It was enormously successful but he had occasion to fill an engagement in Edinburgh and he thought he would get there the day before and make his arrangements for the echo. Unfortunately, he wasn't able to make it so he telegraphed to the local choir leader, explaining what he wanted and asking him if he could find a good tenor who would play the part of the echo. The choir master wired back that he had got the very fellow for the job. He need not worry—everything was going to be all right. He arrived just in time for the concert and appearing on the stage he gazed about for anyone who might look like an echo. He couldn't find anybody who looked that way and with some hesitation he finally approached his big moment. He let himself go. He sang "And the Lord said, Fly away", and away back from the gallery came "Flee awa".

Well you see now that you have got the audience interested you have to get some tie-in with what has gone before. So that is where I can say modestly that I am a very poor echo of what we have already heard on this programme.

Now by this time if there is any interest at all you ought to be able to make some reference to the background of the subject. Now, the way you get background is simply to go to the encyclopedia or other works of reference and hunt it up. You will find it under "Chr" in the encyclopedia. You find for background the information that Christmas as a festival was not among the early festivals of the Christian Church. In fact, the idea of any festival celebrating the birth of Christ was not accepted until around the fifth century. There was continuing disagreement on the part of the scholars as to the date on which it should be celebrated. Some held out for January 6th, some for March 25th and others for December 25th.

Another interesting fact you find is that long before the conversion to Christianity the ancient Britons and the Angli celebrated the 25th of December as the opening of the new year and on the eve of that day by a night-long vigil they celebrated what in the ancient tongue they called Modranecht,—in other words, "Mother's Night".

Then we discover if we go into it far enough that some of the customs associated with our modern celebration today go back quite a long way. In the days of the Druids and thereabouts it was the custom of men when they chanced to meet under the mistletoe—entwined boughs of an oak to embrace each other, thus demonstrating that they carried no weapons. It was a gesture of good will and peace, and in some mysterious way from that sprang the custom of kissing a girl who happens to be found standing under the mistletoe. No one is very sure as to the steps by which this custom progressed. All the male members of the audience I am sure will agree it wasn't a bad idea.

We find further as we read that it was King Arthur of the Knights of the Round Table who really introduced Christmas as we know it into Britain and we are staggered to find that in the year 1744 by Act of Parliament, Christmas was banned by the Puritans of that time. That Act was repealed by Charles II, but so far as the Scots were concerned they stuck to it and even to this day they have some hesitation about celebrating Christmas.

Research further tells us that the custom of illuminating a Christmas tree with electric lights, or, as it used to be, candles, sprang from the legend that the first Christmas tree miraculously burst into light.

Another miracle, I am told this morning by one of my newspaper friends, is that for the first time since it was built they have a Christmas tree at Osgoode Hall.

We find further that St. Nicholas, whose name became corrupted to Santa Claus, was really a Bishop of Myra, in Asia Minor, around 300 A.D., that it was his wont to give gifts to children at certain times of the year and that also he was the patron saint, not only of children and of virgins but of sea-faring men and, I regret to say, of thieves.

Then we discover that outside of Teutonic countries no one celebrates Christmas by the giving of presents and that in Holland, instead of the stocking, the child's wooden sabot is used for the Christmas presents.

Then having got all this interesting information, you decide that it has no bearing upon the point and that you won't use it in your exposition.

So we move from the background to the foreground and we are confronted by some disturbing elements about modern Christmas. I suppose most of you who read the *New Yorker* must have seen an item it quoted a week or two ago. It called attention to an advertisement published by a firm in Wisconsin, entitled "Yule Messages For Pets", and it gives a selection. One of them is: "Wishing you a Bow-Wow-Wow of a Holiday Season and a Bow-Wow-Wow of a New Year". And the other one is worse. It says: "Hoping you have a Bow-Wow-Wow of a Yule Season and a Pur-r-r-r-fect New Year."

Now, this gradually gets us headed toward the main point which is that there ought to be concern about the extent to which Materialism has crept into what is really a sacred celebration—the extravagances of giving, not so much of parent to child but of adult to adult, not only the keeping up with but the excelling of the Joneses—is a matter, or should be a matter, for consideration on the part of everyone here today. It is a far cry from the time when an orange in the toe of a stocking meant Christmas to a boy or girl, to this day when a parcel is delivered containing apparatus for the splitting of an atom in a mild way.

So we come closer to the main point which is the original idea of Christmas. Perhaps I can tell it this way. Just at the time of the First Great War, in Vancouver, I knew an old newspaper man. His name was J. Francis Birchall, and his pen name was Felix Penn. He was a grubby old fellow with a long tangled beard. He never wore shoes. He trotted along in all weathers in carpet slippers. He gave all his money away. On Christmas Eve he used to sally forth and I went with him on one Christmas. He would make a tour of all the cafes in down-town Vancouver and get stale bread and stale cakes and take them out to a place where he lived in Collingwood which was then rather a poor suburb of Vancouver. He had quite a large room which he rented. In an ordinary bucket with holes knocked in it he would light a fire with coal he picked up and put in his pocket running around the railway tracks. He would make a big pot of tea or, if he could get it, coffee. At that time there was a depression, a very severe depression. There was no relief, no agencies of welfare. People grubbed along as best they could. He would go out in the highways and the byways and bring in the dregs of the earth, the bums, characters of all kinds, and he would give them tea and broken cakes and bread, and warm them around the bucket. Then he would sit and read to them Dickens' "*Christmas Carol*". There was more Christmas in the heart of Felix Penn than you would find in most places.

It isn't difficult to convince children of the simplicity of Christmas. But there are troubles. A very great friend of mine, very prominent in this province, and his wife have two children, one a boy of about seven, and one a girl of about four, and to their utter horror everything crashed on them this past week. They had always made quite a ceremony of Christmas. They used to put a bottle of beer and a cheese sandwich for Santa Claus before the children went to bed.

But some time ago the boy discovered the truth about the myth and in spite of the frantic efforts of his parents to stop him, last week he broke the news to the young daughter that Santa Claus was, like Satan, your father. The mother stood there in horror. She told me she froze in horror as she saw this incredulous look come over her daughter's face and suddenly the daughter turned to her and drew herself up full height and with eyes blazing with indignation said, "*You drank the beer.*"

But with occasional exceptions of that kind it is easier for children than it is for adults to get the real feel of Christmas.

The true spirit I think you will find in every parcel of food that goes from this country across to Britain. And I wondered sitting here today and looking out at this audience why this Empire Club, the only Club that has the word "Empire" in its title, why that Club should not as a Club be organizing an endless chain of parcels for Britain that would make every day Christmas.

So far as mankind and the world community are concerned I think we are coming to the realization that the idea which came into the world with the first Christmas is the only idea by which a tolerable life can be maintained in this world. All the practical plans for the rebuilding of the world, all the projects that offer any hope whatever, are based entirely on the idea that Christmas signifies. The original idea of Christmas was not the action of competing in extravagance. The idea of Christmas was sharing, sharing not only in the tangibles, but in the intangibles.

So we are at the point—and who are we going to quote? I can do no better than to quote Dickens, who had more of the feeling of the real Christmas idea than, to my way of thinking, any other human. You find it in one of the lesser known passages from the *Christmas*

Stories, from Dickens' description of a Christmas tree, and behind it you feel the almost presence of Him after whom Christmas was named.

These are the words: "The tree is decorated with bright merriment, song and dance and cheerfulness. And they are welcome. Innocent and welcome be they ever held beneath the branches of the Christmas tree which casts no gloomy shadow. I hear a whisper through the leaves: This in commemoration of the law of love and kindness and compassion. This, in remembrance of me."

"1948, A YEAR FOR SUCCESSFUL WORRYING"

AN ADDRESS BY

PAUL GRAY HOFFMAN

Chairman: The President, Tracey E. Lloyd

Thursday, January 15, 1948

REVEREND SIR, HONOURED GUESTS AND MEMBERS OF THE EMPIRE CLUB:

We welcome you today to our first Regular Meeting for the year 1948 and we are sure you will be interested in the speakers who have accepted our invitation to be with us on successive Thursdays for the next few months.

Today we are indeed fortunate in having as our guest of honour for our First Meeting, Mr. Paul Gray Hoffman, a great industrialist, world citizen and staunch friend of Canada.

Our guest was born in Chicago and attended the great university in that city. Mr. Hoffman started in the automobile business and in 1911 became salesman for the Studebaker dealer in Los Angeles retail branch and in 1917 became manager for the district.

Our guest served as a first lieutenant in the field artillery in the United States Army in the first World War and in 1919 purchased the Los Angeles retail branch of the Studebaker Corporation. In 1925 he was made vice-president of the company and president ten years later.

Mr. Hoffman has received honorary degrees from ten universities, including an honorary degree of Science from Coe College, Cedar Rapids, Iowa, honorary D.B.A. from the University of Southern California, Honorary LL.D. from Dartmouth College, Hanover, N.H., University of Rochester and many others.

Mr. Hoffman is a chairman and director of many companies and is also interested in banking, insurance, air lines and publishing. In his busy and useful life, social work has not been forgotten and our guest of honour is honorary chairman of the United China Relief Incorporated—is a member of President Truman's Committee on Foreign Aid and serves on other committees too numerous, at this time, to enumerate.

In welcoming Mr. Hoffman we would also join with our neighbour City of Hamilton in expressing our pleasure at the re-entry of the Studebaker Corporation into the manufacture of cars in Canada and while we modestly admit that Toronto would have been an ideal city, we understand that a war plant suitable for Studebaker production was available in Hamilton so we are willing to overlook this apparent lapse in Studebaker's good judgment.

It gives me a great deal of pleasure to introduce to this audience Mr. Paul Gray Hoffman, President of the Studebaker Corporation, South Bend, Indiana, who has chosen for his subject:

"1948, A Year for Successful Worrying"

Mr. Hoffman:

MR. CHAIRMAN AND GENTLEMEN: I was highly honoured by the invitation to address The Empire Club, but I must admit that it was curiosity that brought me to Toronto. I wanted to see if you gentlemen were the paragons that Mr. Gus Gaskin, our Canadian Director, said you were. He assured me that this was a better Club than any Club we had in the U.S.A., that never had I addressed an audience in the United States—I have addressed several—that could possibly measure up to the calibre of this audience in intelligence and general attributes of that character.

You may be interested, now that I have the chance to look you over, in my judgment: you are not as good as Mr. Gaskin says you are. And this doesn't mean that you aren't very good indeed, but nobody could possibly have measured up to what Mr. Gaskin had to say about you gentlemen.

I am going to show my appreciation of your invitation in a rather peculiar manner. I am up here to share my worries about the United States with you. In justification for that I believe our two economies are so interdependent that perhaps our worries should be your worries, and your worries should be our worries and perhaps we will worry more successfully if we worry together.

It is a complete understatement to say that 1948 is a year of great crisis because in that year in the United States we are going to have to determine methods for the control of inflation, the manner in which our foreign aid programme should be administered, and the measures needed to bring greater stability to our economy. Taken individually, these methods and the manner and the measure chosen may not seem too important, but in toto they may well either start us down the road to enduring prosperity and peace, or detour us into the quicksands of depression and war.

The Kremlin is eagerly waiting news of the collapse of our economies. I believe that the decisions we make will be sound if we get sufficiently worried. I think the fact that we are concerned is the greatest cause for optimism on the North American Continent today. I remember so well, after World War One we decided to turn our backs—I am speaking of the United States—on the troubles of the rest of the world. We became complacent. Out of our complacency and complacency in other countries came the seeds of World War II. The fact we are worried now, if we get sufficiently worried, not only to think hard on the facts but to face the facts, is our best assurance that we won't again sow the seeds for a third World War.

My first great worry, as I mentioned, is about inflation. We are having now in the United States one of the three great inflations in our history. It is not something that is coming, it is something we are facing, it is something that is with us.

On certain measures to combat that inflation there is general agreement. Every one agrees—some people think it is the full answer but it is not—that we need increased productivity and need to avoid interruptions in production. Everyone agrees to that. Everyone agrees that we should have a sharp curtailment in governmental expenditures but nobody does anything about that. At least we haven't done too much yet. Of course, everyone agrees that there should be a promotion of all types of savings, including, perhaps, particularly savings in government bonds.

Those measures we agree on. There is a sharp and wide divergence of view as to whether we should reimpose consumer rationing, wage and price controls, and what to do about the control of bank credits. I am firmly convinced that the reimposition of rationing, consumer rationing, price controls in the United States would bring disappointing and perhaps disastrous results. I think that both you and we should distinguish between the responsibilities of our government to help stabilize the general price level and the impossibility of government in peacetime, from the standpoint of establishing price relationships to specific prices.

In other words I know our United States Government cannot possibly in peace time tell all our people what they they should buy, when they should buy it, and what they should pay for it. That just isn't a feasible foundation for a government to take over in a free economy.

I think as far as the United States is concerned, and we are not the law-abiding people you are, I will admit that quickly—the attempt would make the black markets we had during the war look picayunish. The controls could not be reimposed within six months at the earliest and to carry out the programme would necessitate the employment of tens of thousands of people on the part of the government that would take us in just the wrong way as far as government expenditures are concerned.

Now, when it comes to control of credit we have a somewhat different situation in the United States than you have here. If I am correctly informed it has always been a function of your government here, and you have accepted that responsibility, to control both volume of money in circulation and also the volume of bank credit. Our Government, of course, has also controlled the volume of money, but it has only partially controlled the volume of bank credit. Last year the total volume of our bank credits on balance went up six billion dollars. They went up six billion dollars at a time when we had full employment and were producing almost all the goods we could produce, so almost the only way that that six billions of credit could work itself out was in the form of higher prices.

It isn't the only contributing factor to higher prices but I think everyone agrees it was a very important contributing factor.

I think there is now widening agreement that perhaps one of the great instruments we have to fight inflation in the United States at this time and under these circumstances is through a better control of the volume of bank credit. The Government moved on that in December when it changed the export price for the purchase of government bonds, with the result that we had a contraction of bank credit. They are moving in other directions, most of us hope, and this is my encouraging message to you, because our inflation is your inflation in a way. Most of us hope that the measures already taken and under contemplation will dry up that source of inflation.

We have got one job to do in the United States and we haven't started, at least we haven't made a good start. That is food conservation. Many of us feel that we don't have a right to 3450 calories a day as long as the people in Europe are getting along with 1800. Most of us feel a food conservation programme is very much in order in the United States and if properly keyed would meet a fine response from our people. We rather think this is one thing that is necessary to bring food prices down. There has been a very excellent restraint, believe it or not, on prices of manufactured foods in the United States and that is continuing. The General Electric made a move, a rather dramatic move to reduce prices in the days of the rising costs. I think you will see responsible action on the part of Industry in the United States in so far as pricing policies are concerned.

Speaking for the automobile industry, as you may know the profit margin per car has increased only very little over prewar. It is in the neighbourhood of $75.00 per automobile. That is all throughout the industry. It could be $300 more. Give us just a little credit for having exercised restraint, Gentlemen.

My next worry is about our European Aid programme. We are given to free and open discussion in the United States and there have been millions and billions of words spoken and written on the subject of European Aid, most of which in my humble opinion have widely missed the mark. The proponents of the Marshall Plan for Foreign Aid have held forth humanitarian reasons. They have tried to give the impression that with $20,000,000 we could stop the spread of Communism.

On the other hand, the opponents of the Marshall Plan claim giving a dime to Europe destroys their self-reliance and makes them a beggar people from now on.

Both views are distorted. It seems to me that the key to the salvation of Europe rests in a sharp stepup in European production by the European people. That is the only answer. Only the European people can save Europe. The people in the United States cannot save Europe nor can the people of Canada save Europe. Only the European people can save Europe.

I think the question we should face is whether the degree of aid we can wisely and safely send will result in such a step-up. If it won't we shouldn't start. If it will we certainly are bound to go through with it.

Now, what are the facts? Here I think I am on the subject with which I am somewhat familiar because I served on the Harriman Committee that prepared the Harriman Report, and we worked many hard long weeks in the summer when I would much rather have been doing something else than working on the question of European Aid.

I am using United States figures: In 1948 the national income in the United States will be approximately 200 billion dollars. We have 140 million people. In the sixteen European nations who form part of the so-called Marshall Programme, plus Germany, the national income will be approximately 100 billion dollars, with 278 million people—twice as many people on half the income. It seems perfectly reasonable to believe that if those people are given the proper kind of aid they can sharply step up that production. That seems clear to me and that is a pretty hard-headed conclusion that I reached because I don't believe we should start on a programme that will not be productive. Unless we are sure the aid will bring this result it is dangerous to offer it. But who can doubt that that 278 million people, most of them your kind of people, our kind of people, if given the proper kind of aid can increase that production fifty per cent or bring their income up to 150 billion dollars within four years? If they equal the United Sates it will be 400 billion, not 150 billion. If given a chance they can perhaps double that. If they had 150 billion national income in Europe in my opinion there will be sufficient prosperity so Communism will have no chance to spread because the answer to the spread of Communism, in my opinion, or one of the answers, is prosperity, and if we can bring prosperity to Europe we won't need to worry about it and we all have a tremendous stake in Europe. It isn't a question of whether we get our 15 or 20 billion dollars back. If we have a prosperous Europe, a prosperous Canada and a prosperous United States we will all benefit in all directions. We will benefit materially, we will benefit politically and we will benefit spiritually.

It is a tremendous objective we are striving for. The aid, however, must be administered soundly. I think we must have a very tough administration of this Foreign Aid Program. By *tough,* I mean I think that we—you and we—are in a position to impose conditions that will save Europe because Europe itself proposed the conditions to us. They said that as a part of their programme they must get their fiscal house in order. So we have a perfect right to say: Gentlemen, before any aid can be forthcoming, get your fiscal house in order.

In the case of France we know that much of the present stagnation is largely due to the unwillingness of the French peasants and the French merchants to sell good wheat and good merchandise for bad francs. It is that simple. You have that problem in several other countries. It is for us to say: You suggested this yourselves. Before we send goods and services we should send food to give the strength to work, fertilizer to aid the crops and tools to produce. Before we start that you do what you said you should do.

With that kind of programme, that kind of administration and with a checking on results every three weeks we can render a service to those European countries that they may never thank us for. I would say that if either Canada or the United States goes into a foreign aid programme with any thought that anybody is going to say "Thank you", we better stay out. That shouldn't be our reason. It is not important to get the "Thank you". But a prosperous Europe, a prosperous England is terribly important to you, and terribly important to us.

I, of course, have been whole-hearterly in favour of the United States, on the conditions I have named, extending aid and enough aid to have this result we all want forthcoming.

My third worry, and perhaps the most fundamental worry of all is about the survival in the world of the type of economic system you in Canada and we in the United States have developed. I hope that my comments on what we are doing in the United States to preserve it will have some application to your situation in Canada. Even if it does not I assume you will agree with me that if the United States shifted from a free to a planned economy it would have immediate repercussions in your country. Beyond this, if your country and mine made such a shift, we would blot out any prospect of a return to free economies on the part of countries that have already veered far to the left. We can start the world back towards freedom but we have got to be sure we preserve free economies in the United States and here as almost the first essential in reaching that objective.

At present in the United States the defense of our economic system consists largely (1) of arguments in favour of capitalism as against statism, and (2) of speeches and advertisements proclaiming the accomplishments of capitalism.

I question the wisdom of our spending much time or money on arguing in behalf of capitalism as an economic theory. Frankly, I, for one, cannot wax enthusiastic about capitalistic systems of prewar France, Germany, Italy, China or, for that matter, England—just to mention a few about which I have some knowledge. Our capitalism has been dynamic; their's has been static. Without exception all of these systems were characterized by state-protected cartels. Too often the capitalists in the countries I have mentioned worked hand-in-glove with the politicos to the mutual advantage of both, but at the expense of the people of their countries. As a matter of fact, I am sure you will agree that capitalism as practised in prewar England was close to a conspiracy between the government, the capitalists, and the labour unions against the customer . The customer is in for fairly tough going when a government permits labour unions to engage in monopolistic practices. But when it permits and encourages not only the labour unions but also management to engage in such practices, the poor customer is in a hopeless situation.

We, in the United States, and you, in Canada, believe in competition and that has been a tremendous factor because competition really is the life of trade. We believe in it. They didn't believe in competition in Europe.

Instead of dissipating our energies in an over-all advocacy of Capitalism, I suggest we concentrate on our particular brand. Adam Smith unquestionably gave us the frame, and within an enlargement of that frame we have developed this unique system. In its fundamental concept it is the opposite of all systems in which the state rather than the citizens own the tools of production.

I have no quarrel with those who make speeches and spend money for advertisements featuring the past accomplishments of our system. I have made such speeches myself and I have contributed to the advertising campaigns of that character. Furthermore, I defer to no one in the pride I take in the fact that no other economic system has created so much wealth in so short a time. No where else on earth since the beginning of time have so many people had such rich opportunities to make use of their capacities and to grow intellectually and spiritually, as they have right here on the North American Continent. However, I am certain that the one best way to assure the maintenance of our system is to search out its weaknesses and take prompt action to correct them. By so doing we can spread its benefits to more and more people. We should always keep in the forefront of our minds that our system's survival will be determined by what it does for the average man.

It does not take much searching to discover our system's greatest weakness—its instability. I am speaking of the United States but you have had some of that up here. In the United States during the last hundred years we have had twenty-six depressions, of which the bust of the '30s was the worst. Why have we had to contend with the boom-bust cycle? The answer is simple. Instability in our economy results from instability in effective market demand. But the answer as to why market demand is unstable is not simple. It is very complex indeed. Market demand is the total amount that individuals, business, governments and foreign purchasers are willing and able to buy. I repeat: *willing* and *able* to buy. The "willingness" and the "ability" are equally essential. No amount of money or credit or income would be large enough to assure adequate demand if individuals and businesses will not use it for consumption or investment. Purchasing power is indispensable and strongly influences the willingness—but ability to buy, of itself, does not create demand. That is something that some of the philosophers in the economic field have forgotten. You can throw money around but if people aren't willing to spend it nothing happens.

Paradoxically, this question of willingness to spend becomes a more significant factor with every increase in our standard of living. If most of us are barely able to earn a living, we will have little choice as to what we buy or when we buy it. Our money will go for food, clothing and shelter. On the other hand, the more money we have beyond what we must use for basic needs, the more chance we have to choose what we buy and the larger the number of purchases which we can—and often do—postpone even if we have money in the bank.

What is true of the individual buyer is true of business. Business can also postpone many of its purchases. Business men will make investments in capital goods only if there is promise of a reasonable profit; and when chances of profit are dreary, such purchases are often put off even though ample cash reserves are on hand. That is something we wish some of the so-called "leftists" would remember, that we can't get business investment unless there is prospect for a profit.

The amount of money available for spending beyond basic needs is far larger than most of us realize. It is estimated, for example, that in 1946 in the United States not less than 60 billion dollars were spent for purchases which could have been postponed. If all this spending had been withheld, the country would have gone into a disastrous tailspin. Conversely, if part of it—the right part— had been withheld, it would have been a restraining influence on inflation.

In other words, it is this overlay of optional buying power, that is the postponable buying power, that is the basis of our instability. It is a fact we must keep in mind.

If this analysis of our economic system is sound, then, to keep our country dynamic and prosperous, we must, as we make decisions affecting our domestic economy, keep uppermost in our minds the necessity of keeping people working hard, thinking hard, working together well, ,and at the same time we must find measures to moderate the wide fluctuations in the level of business activity which have plagued us in the past. You may well ask what kind of a programme will yield us dynamic stability.

Perhaps you agree that the complexities of the problem are such that (1) it will take the collective wisdom of all of us—government, business, labour, agriculture and the educators—to help us work our way toward our goal; (2) that there is no money magic, no one formula, no one cure for the boom-bust cycle. Nevertheless, if we fail to check a climactic boom, or if we have a disastrous depression, it will not be because of an act of God or a convulsion of nature; it will be because of the acts of men and women—people like you and me.

Looking backward, we can see that all past depressions were caused by things men did, things which they could have refrained from doing, and by things they failed to do which they could have done.

This being so, if men act more sensible in the future than they have in the past, fluctuations in the business cycle can be moderated. There is no excuse for either violent booms or busts. By adopting appropriate measures, the drop between the peaks and valleys can, I believe, be held to fluctuations of 20 per cent, or perhaps 15 per cent. We can live with that. We cannot live with a crash such as that which took place between 1929 and 1932 when national income in the United States dropped more than 50 per cent.

At the moment, as I have made clear, our attention is rightfully focussed on checking inflation. But some of our experts say that before long we shall be faced with combating deflation. If that happens we shall be asked to consider emergency measures to cope with that situation. Therefore, while formulating a quickie programme to combat inflation, we must seek the development of policies which will continuously exert pressures against both inflation and deflation. In other words, we need policies that will continually exercise a stabilizing influence from swings in either direction. That is the only way we can hope to achieve our goal of reducing the range of business activity from 50 per cent to 15 per cent.

To illustrate the measures which we in the United States should adopt to make our economy stable, and at the same time keep it prosperous, I suggest two or three out of fifty that I might give. I suggest that:

1. Management and Labour cooperate to the fullest extent so that as a result of better planning and better machines, together with an honest effort on the part of workers and management, output per hour constantly improves. The only sure remedy for inflation and the one key to real and lasting prosperity is increased production and through increased productivity.
2. Unemployment compensation insurance be extended as far as possible to cover all workers. This insurance operates automatically to sustain market demand when business activity is falling. Thus it is an important stabilizing factor. Furthermore, certainty of basic income removes an unstablizing factor often overlooked—the fear of unemployment. Prior to the advent of unemployment compensation insurance, the mere rumour of a layoff was often enough to paralyze

a community. I urge you industrialists to remember the psychological factors that bring on the freeze, and fear of loss of a job on the part of the average man is one of the most important of those factors. Certainly there has been maladministration in the handling of unemployment compensation insurance, I grant you that. But I can tell you, speaking for our little town of South Bend that unemployment compensation insurance has done wonders for us in stabilizing our little economy.

3. Our federal tax system to be recast to make it contribute more toward prosperity and stability. Today, it is a hodge-podge. I don't know anything about your tax system. I claim for ours it is the worst. It is the result of wartime rates superimposed on an overloaded, antiquated, prewar tax structure. It has been patched time and again, as a result of the annual search by government for tax measures which would yield the required revenues and at the same time lose the fewest votes possible.

   In 1665, Jean Baptiste Colbert, the French statesman and financier, remarked that "The art of taxation consists in so plucking a goose as to obtain the most feathers with the least amount of hisses." This casual approach might have been all right back in the days when federal expenditures amounted to less than a billion dollars a year and there were geese in every back yard. But this year, federal expenditures will be close to 40 billion dollars. Unless our tax system itself is made basically sound, our chance to maintain a stable economy and improve the standard of living of every man, woman and child in the country may be lost to us.

Now, here is one that I ask the business men to pay particular attention to:

4. Business should exercise much more scientific control over sales and advertising expenditures. The record shows that in boom times we advertise extravagantly

and spend lavishly in our sales departments, but when times start getting tough, we start slashing our advertising expenditures and fire our salesmen. Obviously, this is precisely the opposite of what we should do. When demand exceeds supply, we should spend sparingly; when depression threatens, we should promptly intensify our sales and advertising expenditures.

That makes sense. At one meeting in New York I showed a copy of the bound volume of the *Saturday Evening Post* for the last quarter of 1929 and the last quarter of 1930. In 1929 it was so thick—in 1930, it was down here. We had stopped advertising. We had fired our salesmen and then complained bitterly about a depression.

These four recommendations are merely examples of the type of measures which should be brought into play to give us dynamic stability. There are still others which hold much promise but upon which further study is needed For example, we must find ways to stabilize the availability of credit. Credit has been too easy to get when times were good and too hard to get when times were tough. That is a problem for the bankers. They have to face it and lick it. I have seen times in my business career when with the same statement of assets and liabilities the bankers were after me to take some money, and six months later I couldn't get a dime. We have all experienced the same thing.

Also, in the proper management of our huge public debt we have a potential contribution to make to greater stability. Fortunately, under the terms of the Employment Act passed by our 79th Congress, responsibility for overall economic policy was specifically lodged with two new agencies—the President's Council of Economic Advisers, and the Joint Congressional Committee on the Economic Report. The membership of both of these new agencies is of high calibre.

I bring that message here because it is the one great hope we have in the United States for a programme of measures that will make some sense. We have had about twenty-five agencies, each figuring up their own ideas and the result has been some mild confusion up to now. We are hoping we will have coordination from now on.

It is going to be tough. It will be no simple task for you to keep Canada strong and free, and for us to keep the United States strong and free and assist Europe in getting back on her feet. But if we are willing to fight to win the peace as we fought to win the war, there can be no doubt whatever as to the outcome. Will Rogers said years ago that we have won every war and lost ever peace. It is time we started winning the peace. If we do what we should do in your country and mine, somewhat along lines I may have indicated here, we can give to the world dramatic proof of the character and strength that freedom and free institutions give to a people. And if as a result of that a free world should ensue, not for us, but perhaps for our children and our children's children, and they are the important group—we are no longer so important—most of us are far along—but our children and our children's children are more important and they are entitled to live in a free world, and if that free world does ensue, this atomic age upon which we are entering, and I speak soberly, become the golden age about which men have dreamed through the centuries.

Thank you!

"THE WORLD TODAY"

An Address By

THOMAS H. BECK, C.B.E.

Chairman: The President, Tracy E. Lloyd

Thursday, January 22nd, 1948

Honoured Guests, Ladies and Gentlemen:

The Empire Club is greatly honoured today in welcoming as its guest Mr. Thomas H. Beck, C.B.E., of New York City. Our guest is chairman of the Board of the Crowell-Collier Publishing Company, publishers of The American Magazine, Collier's and The Woman's Home Companion, having a combined total audience of over nine million.

Our guest is also a director of the Metropolitan Life Insurance Company and a member of the Board of Curators of Stephens College in Columbia, Missouri.

Our guest of honour has, for many years, been interested in aviation and was for many years a director of the National Aeronautic Association, chairman of The Civil Patrol League and recipient of the Frank Hawkes Memorial Award for outstanding contributions to aviation in 1941 and is also Honorary Commander of the Most Excellent Order of the British Empire.

Mr. Beck's interest in aviation has naturally taken him to many countries of the world and he was with the first round-the-world flight and also with Pan American to Hong-Kong, New Zealand and Europe.

Among our guests' many other interests is the protection, conservation and restoration of wild life and for four years he served as chairman of the Connecticut Board of Fisheries and Game and also acted as chairman of the President's Committee on Wildlife Restoration.

In connection with our speaker's publishing interests, it is interesting to mention that Mr. Beck has, for a long time, been interested in developing a world-wide publication calling attention to national features worthy of adoption throughout the world. During the war years, Mr. Beck's company undertook the publishing of a magazine under the auspices of the Office of War Information and the experience gained in servicing a world-wide foreign audience in their own language has been the framework for the proposed publishing venture. Nineteen countries have already signified their intention of participating and an international editorial board will introduce the new publication probably next year.

It gives me great pleasure to introduce Mr. Thomas H. Beck, C.B.E., who will address us on the subject: "The World Today".

While I am very grateful for such a flattering introduction, I am quite certain that I can not live up to it because I am only an old shoe who has worked all his life and enjoyed it and have travelled a good deal to broaden my perspective, which is more or less essential to a publisher.

I thought I would tell you something of what I saw on a very recent round-the-world flight by Pan-American Airways. We were going for thirteen days and had ninety-five flying hours. The trip was uneventful from the standpoint of aviation, but extremely interesting from the standpoint of what we were able to learn in that brief time. I must admit my views are based on what I was able to glean from the man in the street, businessmen, doctors and others who spoke English and were able to tell me about the conditions that existed in their own Countries. This also applies to Britain and Ireland.

I was very much discouraged at what I saw in Britain because of the enormous difficulties the Mother Country is labouring under; a condition which is bound to continue for some time to come. There is a spirit of independence throughout the World today which goes far beyond political lines and has even entered into trade. For example, the nations of the Commonwealth, and most of the Colonies, and even those Foreign Countries who are within the "Sterling-Bloc", want to do their own manufacturing. As you know, Britain has been for years the manufacturing centre for a large part of the world. It is going to be a terrific fight to maintain her position as a leading manufacturing Country and this will involve her in a great industrial campaign. Furthermore, a new philosophy, the philosophy of producing cheaper goods is necessary. For example, a cheaper car in order that Britain may compete not only with American, but also with the hitherto "tied-in" people of the World; those who have been handicapped from a credit standpoint.

From Britain we went to Istanbul, Turkey, and there I spent my entire time visiting shops and talking not only to Bankers and Doctors, but also to people on the street. Compared with most of the other nations I visited, Turkey is in an enviable position, because she did not go through the troubles, difficulties and the terrors of war. The Turks are modernizing their country to a great extent. You will recall that the founder of the Republic was a Dictator, a man of great power and influence. In spite of an early death, he managed to bring many reforms to his Country, a number of which cut across religious lines. He abolished the wearing of the fez, introduced western clothing and brought the women out of the harems, but above all he established a modern sewage system and brought to all the principal cities a fresh and pure water supply. The whole scheme lessened the danger of contagion, which is rampant in so many parts of the world. Then he did away with their telegraphic alphabetic form of writing and introduced the Roman Alphabet. All this he did by decree and enforced the changes, and as a result, the illiteracy in the country is rapidly decreasing.

Some ten thousand farmers are attending schools under American Teachers and are learning the principles of mass production of food with the use of tractors, gang-ploughs, cultivators and seeders.

Amongst other things, I saw a number of large buildings enclosed by high walls covering as much as a whole City block. I said, "What are these?" I was told "Those used to be the harems of so-an-so", naming some wealthy politician or government leader. I asked "What are they now?" They said, "Well, they are trade schools." It seemed to me that really spelled progress. I was greatly encouraged by what I saw in Turkey.

From Istanbul we went to Arabia where the Anglo-American Oil Company is at work and there we found a wonderful example of what private enterprise can do in modernizing a backward Country. Many of you Gentlemen know that these Arabian Deserts are really deserts; they are not like our United States counterparts, where we have sage-brush and cactus. There is not a thing on those of Arabia, but sand—sand in endless quantities and a terrific heat. Well this Company has built a village with refineries around the oil wells and in some places have even brought in soil and grown vegetables. The workmen are Arabians; they can be seen going around in shorts instead of in yards of cotton. Air-conditioned barracks with modern plumbing and shower baths have been built for these Arabs, in fact, everything is as modern as one could imagine. Under no circumstances whatever will these people go back to the old life. They are convinced that this is the life they want, and this is how they wish to live. Their children are being educated in good schools and taught the Roman Alphabet, and are growing up to be a totally different generation with modern ideas and education and are becoming more aggressive. Their King has a fixed deal with our oil companies; this is largely in the matter of the boring of wells. Every now and then he asks—"As a favour to me, won't you do these things?" Strangely enough, under the sand there is water everywhere, so throughout the desert, on the trade routes, they have built oases; little villages have sprung up around the wells that have been made, and these wells have become reservoirs.

The Company built a railway to Mecca for the King.

Mecca is near the Red Sea but not on it and it is a long way across the desert from the Perisan Gulf to Arabia. Every Mohammedan is supposed to make a pilgrimage to Mecca at least once in his life. The King gets fifty cents or the equivalent from every person who makes the journey by rail. It is very difficult to get across the desert, so they use the railway and with the money raised from the levy of fifty-cents, it is expected with this increased revenue they will be able to extend the railway another fifty miles. It is interesting to remember that Mecca is the second Holy City; Jerusalem being the first.

From Arabia, where we had seen this great example of progress and how it had been achieved, we reached Calcutta, and there we found a most discouraging situation indeed. We arrived at three o'clock in the morning. The sidewalks in Calcutta are nearly as wide as this room—that is from the front of this table to the wall (about 20 feet). These were covered all around the block with people; no more clothing on them than breech cloths —sleeping men, women and children. There are hundreds of thousands in India living this way, with no homes, no money, no food and no occupation. Starvation is rampant everywhere. They do not raise enough food to feed themselves properly. Since I was there, conditions have grown worse and since the withdrawal of the British they have become even more so. Their leaders—and I met a number of them—are apparently all spiritual leaders. I would not have you think for a moment that I am discounting the value of spiritual leaders, but I do maintain that the background and education of these men does not fit them for enterprise in industry, agriculture and those things that are necessary to pull the people out of the mire and rut they are in today. As a matter of fact, the leaders whom I met knew little or nothing about the affairs of their own country from that standpoint. They have no plans for the future except to make sure that the Moslems do not get away with anything in the Hindu territory and that the Hindus do not get away with anything in the Moslem territory. A poll or referendum has been taken in the State of Bengal and it was found that forty per cent of the inhabitant were Moslems and fifty per cent Hindus, so the Moslems immediately demanded their proportion of all state offices and got them. Then a similar referendum was taken in the City of Calcutta and a like division was made. So the Moslems got their share of appointments in the Fire Department, Police Department and the Mayor's office, and for that matter all other offices. These conditions are spreading throughout India, and are dividing that country against itself.

You can well imagine what it would be here in Canada if a referendum were taken on the basis of protestants and Roman Catholics, and offices divided in each province accordingly, and finally in each City, and right down to industry. In India they were going to take a referendum on the National Railways to make sure that the proper proportion of Moslems and Hindus were employed. Neither party was concerned with the health of their own people, nor were they concerned with the education or anything that would make for progress.

India is in a very unsettled condition; I think that Russia could take the Country overnight if she wanted it, but she is probably too smart to want it. She would not know what to do with it. On the other hand, we must remember India is a Country with great natural resources and great opportunities for development.

From India we went to Siam, which is another unsettled Country. I saw children—if there are any doctors in the audience they will be interested in this—who were playing in open sewers and I mean real sewers, filthy and disgusting beyond belief. They have no idea of the dangers of contagion, what it means or what it brings about. A doctor whom I met there told me that incidence of syphilis was at least 60 per cent and between 60 and 70 per cent of the inhabitants were suffering from tuberculosis. No Country can ever make any progress so long as its people are in that state of health. The proper thing to do is to get them out of that condition by proper feeding. This can only be done by the people themselves, and not by Canada or the United States. Neither of our two Countries have enough money to do this for the rest of the World. That is inconceivable. We only can help by showing them how it can be done.

From Siam we went to the Philippines and here we saw a great demonstration of what can be accomplished. You will recall the Spanish-American War where most of the people were head-hunters. Since that time, literacy among the inhabitants of these islands has increased to forty-five per cent. Among Hindus it is one per cent, the Moslems seven per cent, and it is now forty-five among the Filipinos. Owing to the introduction of American schools, sanitation and water systems, these people have improved and to a great extent, have been brought to a condition in which they are self-supporting.

The Filipinos have shown an inherent honesty in paying back taxes for the period of the Japanese occupation, when no taxes were levied; those who had the money paid up. Anyway, they expected to put their country on what we would say here, "The Canadian Bank of Commerce basis," so that any borrowings would be soundly financed, and eventually be paid off. Not like these Lend-Lease and Governmental loans that may be paid and may be not—mostly not. These people were attempting to rebuild their country to the best of their ability.

I have been told that Manila was the most damaged city in the world wiith the exception of Warsaw. I could not testify to that myself. However, great ingnuity has been shown in reconstructing reparable buildings, and they were doing a splendid job. The Philippines are rich in natural resources, including gold, manganese and other minerals. Among many agricultural products, sugar is a main item. We gained the impression that the Filipinos were making a come-back.

Our next stop was Shanghai and here we found a teeming city of more than seven million people, most of them in a state of semi-starvation and there seems to be no way out for them. We received an invitation to go to Nanking to meet the Generalissimo. We accepted and planes were sent for us. We met not only the Generalissimo, but also his wife. It appeared to me that he knew little of what was actually going on in China. I had been to China before and know a little about it, but what he knows could be put in grandmother's thimble; that is my opinion—unless I am prejudiced and maybe I am. He does not speak English and somebody said to me, "Isn't it strange that he has lived with this woman for eighteen years and can't speak a word of English and his wife speaks beautiful English?" I said, "What do you mean—lived with her for eighteen years?" He said, "I mean just that." I replied, "What do you know about Chinese home life?" He admitted that he did not know anything; I said, "Well, he has three wives; his number one wife bears the children, his number two wife is his housekeeper and number three is his show front, so probably he has had little opportunity of learning the language."

When my friend Nielson was in China and found the banks were charging up to a hundred per cent a year for loans for the building of factories, he said, "How can they do it? Nobody can build a factory under those circumstances." He was told it was done to curb inflation.

To illustrate the monetary conditions of the Country, I had something scratching my eye. I couldn't get it out, so I went into a drugstore that handled some American goods and I bought a two-ounce bottle of McKesson and Roberts eye wash; I paid $65,000 for it and I got a receipt to prove it. When I arrived back in the States I wrote to Mr. Murray, the President of McKesson and Roberts and I said, "Here is a receipt for $65,000 I paid for a two ounce bottle of your eye-wash, and to me it was well worth it." I am telling you this story to show you the condition of the Country.

While I was in China, I bought $1,250,000 of Chinese paper money for $30,000 just for fun; later I bought

$10,000,000 worth of their money. In order to raise some money, I sell these bills for one dollar; they are one thousand dollar bills, and cost me one cent each. I am just showing them to you; I am not selling them now, although I would not mind doing so. The money I have made from the sale of these bills goes to the American Medical Aid in China. This fund is handled entirely by Americans, and to it the Rockefellers have given a very large contribution. This project starts with health and food just as it would be in India.

After China our next stop was Japan. As a publisher I was very skeptical about the reputation gained by General MacArthur for all the things he had done. We publishers have to be skeptical as we must be sure of our facts. I came back to the United States convinced that General MacArthur has done a tremendous job. Any man who after two years can have between three and four thousand Japanese and American G. I.'s standing in line every morning at ten o'clock, just to see him get out of his car and walk into his Headquarters, and a lesser number—one to two thousand—every night to see him come out and step into his car, has done something to these people. They appear to adore and worship Americans. Naturally, we are all skeptical about that. We think pretty well of ourselves, but not quite to that extent. Anyway, we asked General MacArthur whether he thought this attitude of the Japanese was real or not and he said, "Yes, he did." We were all very much impressed with the General; he is a strong man and to me, he seems to be inspired. He talked to us for an hour and for one and one-half hours subjected himself to questioning. We asked him, "How do you account for it?" His reply was, "Well for years, almost generations, these people had been taught by their elders and their leaders that they were supermen and that they could "lick" the World." They proved it to themselves by trying to get Canadians, Americans and other tourists to walk up to the shrines on their sacred mountain; no foreigner ever walked up without resting; the ascent is quite difficult.

This to them was day-to-day proof that foreigners were weaklings and they were unable to do what the Japanese did. Can you imagine them doing this for years? We know they walked, but we did not know it was a test. Anyway, the Japanese were brought up in the belief that they were supermen and that all magic was on their side; they had the spirit of Shintoism in them. They had always beaten China and they felt they could beat Russia, too. They could lick the world and they began to believe it, and after Pearl Harbour they were practically convinced of it.

Well things began to pop—the Japanese fighting men did not come home; their ashes came instead—that is, when they could get them back. Many of their merchant ships sailed and never returned and they had to admit they were lost. Naval convoys went out and many did not return and the people began to wonder. They were tremendously impressed when suddenly aeroplanes appeared from the West and the strangest thing of all—these planes dropped bombs on synthetic gas plants and shell-making factories—places they did not dare talk to each other about. What really impressed them most of all was that no attempt was made to bomb the palace of their Emperor; these planes only went for the war plants. How did they know? This was the unanswerable question. Then finally came the atomic bomb and they gave up, but before this occurred there was another happening that impressed them enormously—I am now talking about the people in the street. Under great effort and stress, the Japs had built some large 59,000-ton air-craft carriers in Tokio Harbour; these were well armed and superior in every respect. The people were down for the launching, flags were flying and bands playing. Finally these carriers started out for their showdown cruise accompanied by a couple of destroyers and an umbrella of aeroplanes. After proceeding about seven miles out to sea they took a nose dive and went to the bottom. How we knew about this launching was beyond their men.

As a matter of fact, one of our submarines had gone into Tokio Harbour and watched the celebrations and got them outside. Well, that was a mystery; then the Japs tried to save face; they finally decided that the Allies were supermen and they here adopted the old philosophy —join them, that is what they are trying to do—"If you arm us we will 'lick' the Russians for you; we did it once, we will do it again."

When we arrived back in the United States, the President asked me to come down and tell him something about our trip, so I told him something of what I have told you. I also said that in my opinion the solution for the backward countries of the World would be to send them teams of doctors and practical nurses, and also have American enterprise build pilot plants for the manufacture of penicillin, which can now be made out of wood pulp. That does not mean it is cheap, as you Canadians well know, even at the present price of wood pulp. However, wood pulp can be manufactured in China and India at lesser prices and it would not have to be imported from Canada. Treatment could, in this way, be given to the countless syphilitics. American and Canadian farmers who are conversant with mass production should be used in available districts to teach these people to use tractors, ploughs, gang-seeders, etc., for the purpose of raising food-stuffs in quantities.

It was a citizen of the United States of America who won the prize last year for an outstanding performance in farming. He was a young man in South Dakota, who, with a single tractor, gang-plough, gang-cultivator and gang-seeder, ploughed, cultivated and seeded 116 acres in an eight-hour day. Well, that is an outstanding record. It is not likely that these people could at the beginning do the same amount of work on a hundred acres in eight hours, but give them a little longer time and they would soon catch up with themselves.

I would not be surprised if our large manufacturers of industrial machinery would not be willing to sell to these foreigners on a basis of taking a third of the crop each year as payment for the machinery and selling the crop elsewhere. There is no doubt it could be so financed and put on a self-sustaining basis. What we need throughout the world to-day is more business enterprise. Before leaving on my round-the-world flight, I attended a lecture at the Princeton Club in New York. I was very much struck with a statement made by Brock Chisholm, the Canadian Doctor who is head of the United Nations Health Units. He said the Ethiopia was first in all the Countries of the World in natural resources per square mile and that they have an incidence of over sixty per cent of syphilis and only fifty-four doctors.

Just before we left, Pan-American Airways called me up and asked me if I wanted any health and dismemberment insurance. I thought no insurance company ever so named a policy. I had visions of the Spanish Inquisition and the rack—dismemberment used to mean being pulled apart. I said, "How much can I get?" I was told that the ceiling would be a hundred thousand dollars. I asked, "How much would a hundred thousand dollars worth cost for the trip?" They replied, "It would cost $130.00." I said, "Somebody made a mistake. That is too cheap. I will take it." Then I thought, what am I going to do with it? I shan't be here to collect if it becomes payable and those who were my dependents were well provided for. I didn't think I needed it in my estate. Then I remembered what Dr. Chisholm had told us about Ethiopia, so I called up the doctor from the Metropolitan Insurance Company, who had taken me to the lecture. I said to him, "Do you remember what Dr. Chisholm said about Ethiopia?" Well, I am going to leave you $100,000 and you can buy enough units of penicillin to cure a hundred thousand Ethiopians." He replied, "That is fine, why not do it for the Americans first?" I said, "We can look after ourselves, can't we?" His reply was, "Why pick on Ethiopia?" I then said, "I have two very good reasons. They are negroids and there are many of them of the Jewish Faith—two reasons why stupid and ignorant people hate them. Therefore, they won't get any attention if I don't do that." I have attended to that in my will so the money could be used if I did not return. However, I cheated them as nothing happened to me.

Now, I do not know that there is much more I can tell you that you would like to hear except that on June 1st or thereabouts I predicted war with Russia within the next three years. Some people think I am crazy—others think I am an optimist. I can tell you this, I work in an office at home with a large map of the world under glass on my desk. I view this as a jigsaw puzzle. I pick up little items of news from the newspapers, examine them carefully and wonder where they will fit. Then I find a place on the map of the world for one item here and another there and the first thing I know I have a picture. Let me tell you a story. You will remember when the peace was made between Russia and Finland, Russia compelled the latter country to cede them the area around Petsamo. Six or seven years ago I was talking to Mr. Stanley of International Nickel at Sudbury. I asked him where nickel came from and he replied "Sudbury and California". I said "Where else?" He said "Petsamo". So, of course, Petsamo on my jigsaw picture, which had by treaty been taken over by the Russians, meant Nickel Chrome. Then in the Financial section of the New York Times, I saw where I. K. in Russia had six millions in gold to pay for the machinery to work this nickel mine. The Russians would not have needed to buy this nickel mine if they were peacefully inclined; they could buy from International Nickel and probably at a lower rate than they could produce it themselves. I refer, in this section, to pitchblende and other items. I have lists yards long of similar materials which all tends in one direction, preparation for war.

On this map, I place an item here, another there, and in this manner I build up a picture which shows world conditions which tend in one direction; aggression. I have maps here showing the area of Russia in the 10th Century. If anyone wishes to step up they may see them. The Russians have enlarged their sphere of influence and right under our noses are continuing to do so and not by means of war. Look how easily they took Hungary; see with what ease Rumania was made a satellite state and the King was deposed. They go right along. We can not stop them with food; we can not stop them with dollars; not even with Chinese money. Look at official maps and you must be very much concerned as we are at the encroachments of Russia. They have ambitions to recover Alaska and that part of the Pacific Coast they formerly had under their control; an area which extends from British Columbia across the Bay to my Home Town of Oaklands, including San Francisco. They are certainly on their way and nobody can stop them unless it is the British and Americans combined. This is the only way. The London correspondent of the New York Tribune quoting what Karl Marx said in 1850, "This is their technique; this is their method; they never retreat from the things they have; they come back again and always ask for more than they expect."

There is a possibility the Russians might take all Europe. In that eventuality where would Britain be with all her market gone? But, I do not envisage a war of invasion; the use of the atomic bomb will change the entire warfare of the world, and, as we have the means for this type of warfare in such quantities, another armed conflict may be avoided. In conclusion, I do not know whether there is time for questions and answers. I may not know all the answers and if I do not I will tell you so.

Many thanks for your attention.

DR. B. K. SANDWELL thanked the speaker on behalf of the Empire Club.

"SCIENTIST AND CITIZEN"

AN ADDRESS BY

SIR ROBERT WATSON-WATT, C.B., D.Sc., LL.D., F.R.S.

Chairman: The President, Tracy E. Lloyd

Thursday, January 29, 1948

REVEREND SIR, HONOURED GUESTS, LADIES AND GENTLEMEN:

The presence of our Distinguished Guest of Honour at today's luncheon culminates a series of endeavours on the part of various Speakers Committees of The Empire Club. We have wished for several years to pay honour to SIR ROBERT WATSON-WATT but he was always unavailable on his short visits to Canada. But last year many of you will remember he graced our head table when our Guest was Mr. J. Arthur Rank and, at that time he promised your chairman that, if at all possible, he would accept our invitation and address a meeting of The Empire Club on his next visit to Canada. We are happy indeed that this has been possible.

I have found it difficult to prepare a suitable introduction for Our Guest of Honour as there are so many pages about him and so many honours conferred that I would be unable to mention most of these honours without encroaching too much on Our Speaker's time.

However, just to touch the highlights of his remarkable career—let me say—Our Guest of Honour was born in Brechin, Angus, and went from the high school to University College, Dundee, which is a College of the University of St. Andrews and he holds the degree of B.Sc. St. Andrews (with special distinction in electrical engineering) and B.Sc. London with Honorary Degrees of LL.D., St. Andrews and D.Sc., Toronto, and since that time has held positions of responsibility for the application to aeronautics of physics, meteorology and radio engineering.

In 1933-1936 he was Superintendent of the Radio Department of the National Physical Laboratory and the Bawdsey Research Station of the Air Ministry and Director of Communications Development, Air Ministry, 1938-1940 when he, with a research team of clever young men working under his supervision for four years in the utmost secrecy, perfected Radio Location—known to us as Radar. It is interesting to note that Mr. Leonard W. Brockington referred recently to Sir Robert Watson-Watt as the one individual who had done more than anyone else to win the recent war for the Allies.

Two days after Pearl Harbour on December 9, 1941, Sir Robert flew to The United States in consultation with the Army and Air Force Chiefs of the U.S.A. on problems connected with Radio Location. That was his first visit to America but since then he has crossed the ocean eighteen times by air and seven times by sea.

Sir Robert is the author of many publications—chiefly on Atmospherics and published among many other articles "Applications of the Cathode Ray Oscillograph in Radio Research" showing the use of the Cathode Ray Tube, now generally used in Television Receivers and Radio Location.

Recognition of Sir Robert's services was made by The Royal Society which conferred a Fellowship in 1941 citing him as "Distinguished for his Contribution to Radio Engineering, particularly in relation to Aerial and Marine Navigation". In The King's New Years Honours of that year, he received the C.B. and the following year was Knighted. Sir Robert received from The President of The United States the Medal for Merit—the highest decoration which the U.S.A. can confer on a civilian.

I know this is entirely inadequate but time will not permit me to read the many other Honours which he has received.

We sincerely welcome to The Empire Club today

SIR ROBERT WATSON-WATT, C.B., D.SC., LL.D., F.R.S., who will now address us on the subject:—

"SCIENTIST AND CITIZEN"

Mr. President, there never was a time at which the citizen was more scared of the scientist and his works; there never was a time at which the scientist was more scared by the prospect of what his fellow citizens, through their chosen representatives and leaders—the politicians—might do with the product of his work. When I refer to the "politicians" I feel that I have to record surprise on at least one thing which I read in the "Globe and Mail" this morning. I don't refer to the front page news of What Visitors from England think of Toronto.

Speaking as a Toronto man myself, I might, in the words of Mark Twain say, "it is greatly exaggerated." But the thing that alarmed me in the Globe & Mail was the report that someone had said that 95% of your Senators were non-political. Now that seems to be a singularly important revelation of a dangerous state of mind. There is a tendency to say nasty things, and cynical things, about politicians, but it seems to me absolutely vital that we should recognize that our civilization depends on our politicians—that every country has the politicians it deserves, and that in choosing our politicians and investing them with power over our destiny to a degree which it is difficult to exaggerate, we have a responsibility which is in fact one of the responsibilities that I would like to discuss in the course of these remarks. And I trust that your Upper House will in fact be 100 per cent political in the best sense, because otherwise our future outlook is not a very happy one.

Well this mutual distrust between the scientist, who, after all, is an ordinary citizen plus a little something which the others haven't got—whether for better or worse is not for me to say—but anyway the scientist is a queer sort of ordinary citizen; and the distrust between that brand of citizen and his fellow citizens is something that has got to be removed, is something that has got to be cured. I fear it can only be cured effectively by long-term measures, and amongst these measures, and indeed before any practical measures can be taken, one of the things we have got to do is to persuade the scientist to explain himself to his fellow citizens. And, having once been a scientist, now fallen from grace, I have thought that in this Club, whost tradition is the tradition of fostering understanding between groups of people who have a great community of interest but who require to explain themselves one to the other at intervals in order to maintain sympathy and co-operation, you would tolerate a few remarks from myself on the relationship of the scientist to the rest of the world.

I have said that the scientist is a queer kind of citizen. I can't of course say that the average citizen is also queer, because the average citizen is the standard against which we refer the departures from average which constitute queerness.

In a cynical moment I have declared that the three most effective incentives to human action may be (too rudely, too briefly) classified as creed, greed and dread. These are, I hope, good varieties of each of these incentives, as well as the bad features of the two latter, but in examining the scientist it is perhaps worth while to examine how far he is moved by these three incentives.

I think that, rather peculiarly and rather exceptionally, he is very little moved by dread. The fear motive is not one which is prominent in the composition of the typical scientist. Perhaps it would be a good thing if, once in a while, he got a little bit scared about what he is doing, about others, about himself, but he is in fact essentially a person who has been taught he must be fearless in his dealing with facts.

It would be foolish to pretend he is unmoved by the thing that I rudely call "greed". He has economic motives which can be important to him, although in some ways he is rather amongst the spoilt children of modern civilization, in that he enjoys a certain measure of endowed privilege in being put into—I hope, Professor, you will not disagree with me when I say—"in being put into rather comfortable surroundings" with some isolation from the pressures of the modern world and in being encouraged to do just the things he wants to do, to make his own toys, and to play with them in the fashion that seems to him best.

But though that measure of economic detachment is only a partial measure, his real greed is an entirely different kind of greed. It is a greed for knowing things, it is a greed for facts and relation amongst facts as his primary requirement for satisfaction, and this rather good kind of greed is not merely his greed but his creed. He believes passionately in facts, in measured facts. He believes there are no bad facts, that all facts are good facts, though they may be facts about bad things, and his intellectual satisfaction can come only from the acquisition of accurately known facts, from their organization into a body of knowledge, in which the inter-relationship of the measured facts is the dominant consideration. He develops a mental discipline and a habit which is dependent on these primary necessities, to measure everything he has selected as of interest to himself, to base a classification of facts on the measurements which he and his colleagues have made and to do comparisons amongst the measured things—this after he has done some sort of arrangement of the measured facts into groups.

Well that is quite a distinguishing group of queernesses. It does not come quite naturally to the non-scientific mind to put quantitative measurement in the foreground of his requirements in life. Certainly the devotion of a career to this apparently rather desiccated pursuit of measurable knowledge is something which makes the scientist a little bit of a puzzle to the people with whom otherwise he shares the adventures and difficulties of everyday life.

Amongst other things, this passion for quantitative knowledge means that the scientist does not believe in fairies. He does not need to, because he finds fairylike powers in the hypotheses, in the theories, and in the demonstrations of the validity of these theories, which are esthetically as satisfying to him as the romanticism of other (and no less meritorious) groups of citizens. If he does not believe in the ordinary kind of fairies, that does not mean that he is a completely desiccated person. The pursuit of science is in itself an artistic and esthetic pursuit. The satisfaction that is derived by the individual scientist from his work is not merely a coldly national satisfaction. It is not by chance that the adjective "elegant" is a prominent one in the vocabulary of the mathematician, the physicist and the biologist: there is a great deal of emotional satisfaction in the elegant demonstration, in the elegant ordering of facts into theories, and in the still more satisfactory, still more emotionally exciting discovery that the theory is not quite right and has to be worked over again, very much as any other work of art—a painting, a sculpture has to be worked over in the interests of esthetic perfection. So there is no scientist who is not to some extent worthy of being described as artist or poet.

The trouble between the scientist and the ordinary world is that the artist (including the scientist), having very properly been allowed by an enlightened community this degree of freedom of choice to satisfy his own particular mental make-up, is liable to take it as a discharge of his whole responsibilities as a citizen, to follow his academic, his abstract, his entirely intellectual and esthetic pursuits. A great deal of the suspicion which the ordinary citizen feels about the scientist is based on the two extremes, that one group of scientists believe themselves, honestly and conscientiously believe themselves, to be doing the best for the world at large, by remaining in what some of us rudely call their "ivory towers", as nearly as possible isolated from the noises of the world around, ignorant of, independent of, or superiorly detached from the political troubles that cause storms and floods and avalanches to take place around the foundations of the ivory tower, disturbances which indeed threaten very seriously to undermine the very ivory tower of academic security which has been rightly accorded to the scientist and the artist.

That is one of the things that worries the ordinary citizen, the "ivory tower" state of mind of some very powerfully originative and contributive scientists. Some people who have contributed some of the highest achievements of the human intellect, believe genuinely in their right to stay isolated from the general life current of their day. And no one can say they are not right.

On the other hand, there are scientific workers who share a feeling that is very general now in the scientific profession, a feeling that the scientist has not been justified in closing his mind, partially or almost completely, to his "non-scientific" duties as an "ordinary" citizen, a feeling which, while denying the right of their colleagues each to choose for himself the degree in which he hopes for the ivory tower, yet demands for each scientist the converse right to decide for himself whether he individually can satisfy his own conscience by taking the long view—and the long view in the world of science may be a two-century view—and making his fundamental contribution to science with no thought at all whether that will be applied to human life otherwise than in knowing it will be valuably applied to making humanity proud of itself. But there are those who are prepared to sacrifice their place amongst the great figures of the long view, and to exchange it for the right to come down into the market place and take some part in the applications of science to the amelioration of the immediate state of life of their fellow citizens and of themselves as citizens at large.

The other fear of the ordinary citizen, looking at the extremer examples of those who, waiving their right to the ivory tower, go further and demand to be brought into the forum and into the plant, has been based on the lack of a sufficiently general education in life from the make-up of some of these well-intentioned colleagues of my own who have rushed into the market place and the plant, believing they can at once teach their normal occupants how to run their lives.

It has been borne in on me during the last three weeks as I have moved around this great continent, that I am more and more talking the language of the classical Liberal, as I do now, when I say that the path for the scientist in the community is the middle path, that on the one hand the scientist must examine his social conscience very carefully, very rigidly, before he decides that he is of that supreme metal which justifies him in an almost complete withdrawal from the ordinary cares and duties of daily citizenship.

On the other hand, the highly sensitive, highly conscientious, socially-minded scientist has to recognize that his own queerness in youth has led him to be given a queer education. This is an education which does not in fact omit the humanities entirely, for there are few humanities that could surpass in discipline, in beauty, in emotional and esthetic satisfaction, those humanities which are called mathematics, and the natural sciences. But because of the short time there is in which to learn, there has been (particularly in the last fifty years) a tendency to teach the scientist only those particular humanities which are appropriate to himself, and that in a somewhat unhumanitarian fashion. So the queerness of the scientist has been accentuated by a well-intentioned compression of his education, designed to allow him to express himself at the earliest possible moment in independent and original action in science, but not well-fitted to enable himself to express himself, clearly and convincingly in a broadly "non-scientific" world.

What science has done for the world as it is at the moment I did not stop to catalogue. It has done a very little harm. It has done an infinitely greater amount of good. The harm has been done by an unbalance to which I shall refer in the last sentences of this too brief summary of my subject, which I commend to you as being a desperately important subject for the future of our civilization. It would be tedious to enumerate the things, from anesthetics to nylons, from steam to nuclear energy, what you will, including the ordinary equipment, the ordinary furnishings of this place where we are meeting, which we owe to applied science. All these things are direct and obvious products of the more or less intelligent application of the products of that pure science which has made such great progress in the last century or century and a half.

I have already referred in general terms to high peaks in the achievements of the human mind. Perhaps I might be more particular in saying that I believe that the release of energy from the atomic nucleus is in fact the very highest triumph that the human intellect has yet achieved. It is based on a most impressive combination of that scientific thought, detachment and objectivity, and that poetic, artistic imagination, which guide the particular pursuits of the fundamental physicist. If nuclear energy to date has found its application in destruction, that is something for which the scientist can not ask to be wholly excused from an adverse judgment; but he has a right to say that he has made available to us, to the citizens, to the politicians, a knowledge of the powers of nature which can be applied maleficently, beneficently, through temporarily destructive methods, or beneficently through wholly constructive methods, at choice. And the choice is not that of the scientist, it is the choice of the politician and of the ordinary citizen.

The duty of the scientist is, however, to come thus far out of his academic detachment as to explain, in the language of the ordinary world, what he is trying to do, why he can't help doing it that way, and to explain where the continuing acceleration in the pace of science is likely to lead us in the availability of knowledge. It is not his job to decide what the applications of that knowledge may or must be. What he has got to do is to say, "These are the kind of things we can provide for you: it is for you to decide how you will apply them. We will tell you whether they will be easy to apply in one way, how difficult it may be in some cases to do the job economically." He may well say that there is in fact virtually nothing that is impossible, but a great deal that is so expensive as to be practically impossible.

What we can do, then,—and the scientist has no reason to be modest about this—what science is prepared to promise you is that the scientist and the man who applies scientific results will give you practically anything you want so badly that you are prepared to pay for it. But when I say "pay for it", I don't mean pay in dollars or two-valued francs or in any other currency of the economic world. The kind of payment that is exacted for the application and for the mis-application of scientific products is a much more difficult, much less easily measured and accounted kind of payment than the strictly financial payment. Beneficent applications are frequently bought at the price of a wholesale re-orientation of human lives; the price in human lives of maleficent application is only too familiar to us.

The scientists have discovered a very great deal about the make-up of ordinary materials, about those molecules which are the individual bases of all the ready-made materials found on the shelves of Nature's storehouse. They are now in the state where they think it no longer necessary to draw ready-mades; they have gone on to the custom building of molecules. They are prepared to give you molecules tailor-made to the particular requirements which you as engineers, manufacturers, may choose to demand. The demand is almost more difficult to formulate than the answer. We get nothing for nothing in this world, and if you ask the chemist to do you a particular molecule for a particular set of conditions, it is likely it will not satisfy a set of conditions that you have forgotten about in your specification; but if you are wise in your specification, he can give you a material, designed ad hoc, that will meet your special requirements better than the "ready-made" material of the past.

The wisdom of your demands, the wisdom of the application of those things that he does hand to you are dependent on a closer degree of understanding than we have yet achieved between the citizen and his chosen leader the politician, on the one hand, and the scientist and the technician on the other. There is no short-term prescription for during the unbalance and the mistakes and the misunderstandings to which I have referred. The scientist, as I have said, is somebody who insists on the measuring, on the quantitative specifications, he "lisps in in numbers for the numbers come", not merely because he has been taught that numbers are important, but because of some kink in his brain which tells him that to him numerical specification is a vital thing for intellectual and emotional satisfaction.

Well the long-term prescription, which is the only one, is a very platitudinary prescription. It is the prescription for during all our ills, if only we leave ourselves enough time; the prescription is of course Education and Re-education. It is a slow but inevitable process. We have to modify the education alike of the ordinary citizen and of the scientist. The ordinary citizen has got to learn—and he will find a great deal of fun, a great deal of satisfaction in learning—more about the incentives of the scientist and the methods of thought of the scientist, and as he learns them he will make allowances for the queerness of the scientist, allowances which will go far towards insuring that scientific products are effective as a great addition to the riches of life.

But, on the other side, the scientist—perhaps more urgently, certainly with more practical urgency, because there are fewer of him and because the scientist has certain good qualities that make him an easier subject for re-education—more urgent is the bringing into the scientist's education of a larger proportion of the other humanities, those outside the natural sciences. Not (as I was horrified to hear a British Cabinet Minister say) "that the classics must remain the basis of our education, because they teach us how men have always acted and how they will always act." God helping us, I trust that is not what we are going to learn, either from our classics or our history books. If man is always to act as he has always done, if we are to despair of the rapid perfectibility of the human mind and the human soul, we may indeed consider that there is something to be said for the early application of these more terrifying products of the scientific mind than the atomic bomb, implements of destruction about which, for some reason, we have not been encouraged to talk, implements of destruction in which, instead of talking in tons as we do in relation to atomic bombs, we need only talk in hundredweights, or fractions of a hundredweight, in assessing the quantities which could completely wipe the human race from the earth.

If we are going to make the best and not the worst of the almost unlimited potentialities of science, then we must give the scientist a greater opportunity than he has had of benefitting from the full range of the humanities. We must give the trainee for politics, the student of history, the opportunity of seeing that the history of science is a more constructive history than most of the other histories he has studied. We must convince them both that the beneficent possibilities of a really enlightened co-operation between the politician and the scientific worker would, within this same period of five, ten or twenty years, of which we talk nervously in the military sphere, within that period the whole plane of the status of life could be lifted by an amount greater than has been achieved within the last century.

It is for each and all of us citizens to choose—and I honestly believe we can, by gatherings such as this, by those mergers of thought which can only be achieved by coming and looking at each other face to face, not by communicating remotely across three thousand miles of sea but by actually coming and meeting to talk together, achieve the hope for a far happier world than we are envisaging at this moment.

(Continued applause)

PROFESSOR JOHN SATURDAY tendered the thanks of the audience to the speaker, as follows:

Mr. President, Sir Robert, Members of the Empire Club:

As a mere student of physics and a teacher at our own university, I am not worthy to clean Sir Robert's shoes. He is a scientist par excellence. But today we have listened to a most interesting address on the relations which must exist between the physicists and scientists generally and the ordinary citizen in order that this world may proceed along a reasonable path, and Sir Robert has given us a lot to think about. In the early days of the war England was saved by the work of Sir Robert. We owe him a great deal of gratitude for that.

Therefore, on your behalf, I wish to express to Sir Robert a very hearty vote of thanks for the most interesting address he has given us today.

"HUMAN RELATIONS AND YOU"

An Address By

ROBERT E. OLIVER

Chairman: The President, Tracy E. Lloyd

Thursday, February 5, 1948

Reverend Sir, Honoured Guests and Ladies and Gentlemen:

Our last three speakers have been from the Western States, New York City and, last week, you will remember Sir Robert Watson-Watts from England. Today we are very happy indeed to have with us a Canadian from Montreal and, in so doing, we are endeavouring to contradict the Biblical quotation that "A prophet is not without honour, save in his own country" (Matthew 13-57 or Mark 6-4).

Our guest of honour, Robert E. Oliver, was born in Yorkshire, England, and came to Canada at an early age, first to Toronto and then like so many others to Ottawa. Our guest won entrance and general proficiency medals and is a graduate of Ottawa Normal School, teaching in Rural Continuation Schools for three years and then was on Government war work throughout the war.

Our guest joined an Ottawa manufacturing firm, handling their advertising, sales training and consultant on employee education and then moved on to the Bank of Montreal as assistant to the Public Relations Manager, with supervision also over advertising and publicity.

In connection with his activities in regard to advertising, it is indeed interesting to note that his bank, a few months ago, for the first time in advertising history, won what is known as the "Socrates" high award of the year. This award is made by an American advertising agency and cover the advertising of banks and trust companies throughout North America, and was awarded not only for advertising layout and ideas to sell bank services, but also on the general effect on the bank's relations with the public. In making this high award, special recognition and attention was accorded the executives in charge of advertising and public relations in the Bany of Montreal and I am sure this award was a distinct honour and a satisfaction to our guest of today.

I now have very great pleasure in introducing to the of advertising and public relations in the Bank of Montreal, who will address us on the subject:

"Human Relations and You".

Mr. Oliver:—

Thank you, Mr. Chairman. I am a little bit dismayed by the Biblical knowledge that has been displayed to you today, so if I do any quotations I will look them up first. I would like to thank your Chairman for his very kind words of introduction. I must first, with a modesty that is not usual in the advertising profession, point out that I had little to do with the Bank winning the Socrates Award I am a little afraid from the introduction that you will be in the position that two ladies in Ottawa (if I may mention that word—"Ottawa", not "Ladies") were in during the last Government Bond Campaign. Somebody dreamed up the idea of inflating a small dirigible on Parliament Hill. During the daytime this ballon was a silvery gleam against the blue of the sky and at night it was caught in the purple glow of a searchlight. While the campaign was on as the objective was approached, the ballon rose higher and higher. One night coming down in a street car I heard two ladies discussing the sight, and one of them said, "Have you seen the atomic bomb up on Parliament Hill? My, but it's beautiful!" I'm afraid some of you may be expecting an atomic bomb and all your getting is a bag of wind, too.

No doubt it seems strange to you that a bank representative should be talking to a gathering of business men on human relations, or public relations, because, according to public concept, there was a time when we were rather commonly regarded as a frosty-faced and fish-eyed group, with a little chunk granite where the heart is normally located. Like the mother-in-law jest, that concept dies rather hard. However, I think it is true that nowadays in cities, towns, villages and hamlets across the country you will find bank managers not only working with veterans and business leaders, merchants, fishermen, farmers, housewives and college students in helping them to meet the day of financial problems that often confront us all, but also sharing with their friends and their neighbours a very large measure of responsibility for community activities. I understand that is true of the Royal Bank, too.

At the same time, we realize that a great deal of exploration remains to be done in the field of public and customer relations. So today I come to you, not as a specialist, but merely as someone who is interested in human beings and what makes them behave the way they do.

I'm a little like Sadie, the telephone operator. Sadie graduated from school, she went to the firm of Applebaum, Bosworth, Christie, Dillinghurst, Evans and Fairchild, and the first job she was given was operating the switchboard. Whenever the switchboard light went on, she would say, "Hello! Applebaum, Bosworth, Christie, Dillinghurst, Evans and Fairchild—Good morning!" Sadie was a little dismayed but it was her first job. She had the enthusiasm of the young and so she practised this at home at night and she got to the point where she could say it a lot better than I can. By and by it got to the stage where when the switchboard light went on she would say, "Hello! Applebaum, Bosworth, Christie, Dillinghurst, Evans and Fairchild—Good morning!", and she was pretty pleased about her progress.

Then to her dismay the firm of Applebaum, Bosworth, Christie, Dillinghurst, Evans and Fairchild merged with the firm of Gottlieb, Heinz, Ivanhoe, Jacoby, Klein and Lamoureau.

Well, the first time Sadie tried to handle this she felt she was gargling on alphabet soup, but once again, she was determined to stick it out and she finally got to the stage where she could stick in the plug and say, "Hello! Applebaum, Bosworth, Christie, Dillinghurst, Evans, Fairchild, Gottlieb, Heinz, Ivanhoe, Jacoby, Klein and Lamoureux—Good Morning!" Sadie felt she had really begun to get somewhere.

You can imagine her dismay when after an executive conference was held, one of the partners stuck his head in the door and said, "Sadie, I think you should know that the firm of Applebaum, Bosworth, Christie, Dillinghurst, Evans, Fairchild, Gottlieb, Heinz, Ivanhoe, Jacoby, Klein and Lamoureux has just been merged with Murphy, Nottingham, Ogilvy, Pond, Ramsburger and St. Onge." Sadie threw up her hands and just then the light switched on, she stuck in the plug and said, "Hello! We, the people speaking!"

So I come to you today as a representative of "we, the people", and this talk will not be a revelation of any new tricks and techniques, but rather a review of fundamentals.

For that reason, instead of the phrase "public relations", I prefer the phrase "Human Relations", because public relations really begin with other humans. It begins at home, with our family. It spreads to include our friends and our neighbours. It is carried on to our company, our community, our city, and so on. But public relations begin with you and me. If these personal relations aren't sound, then our public relations can never be very good, no matter how hard we work to create them. If they haven't got that fundamental essence of person to person relationship, then they are founded on shifting sands.

What is the key to good public relations? Oddly enough, it seems to me it is a principle that today nations are trying to master. During the war years many of the nations of the world struggled together through hardship, privation and disaster to reach a common goal. Then, suddenly, as some one has put it, we found that the war was over but there was no peace. We have learned that the same word didn't mean the same thing to different nations. To us, the word "Democracy" means the type of government under which we operate. In England, Democracy means a constitutional monarchy. In Russia, the word "Democracy" is used to describe something entirely different. So we learned that the same word could have different conflicting meanings for different individuals. Our international debates became heated and angry because the same set of vocal cords awakened contrasting mental pictures. To put it simply, internationally, we haven't learned to speak the other fellow's language. Isn't that the essence, too, of good public relations—trying to speak the other fellow's language, and trying to see the other fellows point of view?

Just what are some of the things that prevent us, as executives, from seeing the other fellow's point of view? Generally speaking, they are attitudes—attitudes that have become so much a part of our personality that we do not even recognize them. If someone points them out to us we think they are pretty good things to have anyway. That is human nature.

What are some of these things? It seems to me that one of the original executive sins in the old days was an overbearing dictatorial attitude. We may have forgotten the day but there was a time when industry seemed to be based pretty well on the slave and master theory. Orders were barked at the worker, the boss bellowed if he made a mistake, ridiculed him when he was slow, and took delight in commenting on any worker's physical, mental or educational handicaps. We say that was a long time ago and things have certainly changed now. That is quite true. But before we dismiss it that way, let us stop and thing for a moment. Have any of us,—Oh, just to a very small degree, of course—manifested a selfish disregard for the rights and opinions of others? Isn't that the foundation of dominance? There was a time when some public relations counsellors warned their clients, "Always be polite. The man you snub today may be your boss tomorrow." Perhaps there was some truth in that statement but I don't think it was a wise statement because it illustrates the fault of the very philosophy we are trying to correct. That is, it used fear as a motive for action, and that sure is one of the lowest incentives for human effort in the industrial field. If a man works hard because he is afraid. Some day he is going to find a job where he can work and be happy, and the amazing thing is that in that new environment his output may go up anywhere from ten, twenty to fifty, perhaps as high as eighty or a hundred per cent. There was a time when management men who practiced employee consideration were laughed at as idealists. Today we have found that it is simply good business to be considerate of employees.

Very closely allied with this policy of domination was the habit some executives developed of playing favourites. I suppose it is easier for me than some of you to remember back to school days, but perhaps if you strain a little bit you can remember Percy, the white-haired boy, who used to rub off the blackboard and bring apples to the teacher. During the day Percy got a lot of pats on the head, but when he got out in the schoolyard after school sometimes the other end of his spine got favoured treatment. Well, the same attitude of antagonistic resentment develops in any office or plant when it becomes apparent that one particular individual is the golden-haired boy and can do no wrong. It doesn't take very long for favouritism to become very obvious and once it has become obvious the resulting discontent will make Percy part of the overhead expense of the firm. By and by either he will be shifted or the supervisor or manager will awaken to the fact that all his employees expect the same rations of praise and criticism for equivalent effort.

Obstinacy might be regarded as another frequent failing of the old-fashioned executive. I guess we have always met the type of man who is always right. Some wives are that way, too. Mine isn't here so I can say that. Now, what happens with this type of executive? Because he is always right his fellow executives, especially those under him, feel frustrated. How do they demonstrate that? They begin to behave the same way with their subordinates and so, by and by, all along the line we have a chain of closed minds—and right away the business has begun to die. Dry rot has set in from the top down.

Opening these locked mental doors isn't easy, but there is one step that would be helpful. This suggested key—the development of a changed attitude—lies in a phrase popularized by a group of spiritual pioneers several years ago. Their message was this, "Not who's right, but what's right."

Would it make much difference in your executive meetings, in your foreman meetings, in your training groups, if every time an investigation took place or a group conference was held, everyone present thought, "It's not what I think or feel that's important; it's what the facts are. It's not who's right, but what's right"? Wouldn't your whole staff soon be affected by the attitude?

Some day perhaps some industrial psychiatrist will analyze for us the scientific causes behind conference actions. At present if an investigation is under way, something has gone wrong, the tendency of us all is to defend ourselves. At once the conditions being analyzed become of secondary importance. We feel that it is we, personally, who are being attacked, and our reaction is to defend ourselves. Of course, the other people in the conference are human, too, and they react the same way, and in the resulting flare-up of tempers lots of heat is generated but often not much light. I believe there is an old Chinese proverb which says, "Anger, like heavy mist, makes truth invisible".

A psychiatrist might say that the cause for all this lies partly in faulty childhood upbringing. There comes a certain stage in the child's development when it wants to know, is it true? Is it real? And yet our lives are surrounded by unreality. Our Sunday School teacher tells us that the body is the temple of the spirit and that man is made in the image of God. But when we ask questions about our body our parents get tongue-tied and confused, and so we learn right away that the body functions are something the adults expect us to be ashamed of.

We are told that if we work hard we will lead our class. We work hard but we don't lead the class and we find that forty other children are told the same thing. We are told that "Mummy knows best" or that "Daddy knows best"—and by and by we hear Daddy and Mummy telling each other so—and when we grow up we learn that mothers and fathers are not necessarily well-informed, that mothers aren't necessarily unselfish, that fathers aren't necessarily wise, that old age does not definitely indicate wisdom.

Thus, at a very early age the child learns that it thinks one way, but that society doesn't expect it to think this way. It must be different, it must be wrong. So in the instinct of self-preservation, the sensitive little mind records all these little shocks and locks them in the secret hiding-place, called the subconscious. As we grow up we still carry these shocks with their mark within us, but by that time we have learned to present a certain social exterior.

If you think that is not so, and we don't live to a degree behind a mask, say to yourself, what would happen in nine out of ten social gatherings if everybody could read each other's mind. I don't need to elaborate. However, even though we do learn to wear a social mask, there is one very unhappy result of this childhood disillusionment, because there has been created a sense that we are different from others. We think that there is no one who really understands the working of our minds, the things that go on deep inside us, these desires—they are evil and there is no one else just like us. So deep within ourselves a great many people travel what they consider to be a very lonely road. That in turn creates an equally rotted sense of insecurity which may be masked later on by a blustering or ruthless front. To compensate for this insecurity, to show that we really do belong, that we are a part of everything around us, we grow up wanting to be right or wanting people to believe we are right, because if our subconscious tells us you are right it shows you understand them and they understand you and they belong. That is very important for the individual. You know how heart-broken an adolescent girl is if she comes home and she is the only one who hasn't got the "New Look". Her whole world falls in ruins if everybody else in the class has it.

We don't really change so very much. That is one of the reasons why you will find very few people who can calmly and dispassionately discuss religion or politics or the things closest to our hearts. How hard it is to discuss those in an atmosphere of quiet reasonableness. If we are Liberals we tend to read the Liberal press. If we are Socialists, we read the Socialist press. If we are Conservatives—well, I am told the Conservatives don't read at all. That is what I have heard. But you notice in every case the same pattern of defence mechanism. Instead of welcoming the opposite opinion, instead of gladly investigating our beliefs so we will learn more, we surround ourselves with friends, facts and fiction that tend to make us more mentally secure. And so, when someone challenges a statement, or when someone finds us responsible for an error, immediately this sense of security is jarred, and alarmed and angry we rush to our defence, and our staff, being human, act the same way.

Some day perhaps we will be able to teach industrial psychology to our staffs, for understanding ourselves helps us to understand others. I understand there are firms in Toronto who have either part or full time psychologists consultants on their staff, and, of course, with our returning veterans in the Department of Veterans Affairs a great deal of work was done in rehabilitation and in the mater of personal adjustment.

Once we do learn to be honest with ourselves, and can impartially look facts in the face, we will soon discover another very valuable key in creating good public relations. That is the Power of an Apology. What a refreshing experiene to hear someone say, "I'm sorry. That was my fault", and to say it not grudingly or belligerently, but quickly and spontaneously. You will find it is one of the most contagious habits in human relations. The first time it happens your associates may be a little puzzled and baffled. Everybody around looks astonished, but by and by it begins to catch on and a new atmosphere of trust and confidence is created. Once the atmosphere of trust is established that particular business is founded on a rock.

So far as we have been studying character defects arising chiefly from a too dominant personality. Some faults lie at the other end of the scale as, for example, Indecision. As executives, you realize the importance of getting the facts, weighing them, sifting out the important and unimportant factors, and yet the process can be carried too far. There are a great many people who don't like making a decision. So you find some people will spend their lifetime just gathering more facts and they don't do anything about them. Once we find the facts, let us face them and then follow through. Indecision and procrastination soon breed a host of problems.

A similar type of executive sin is evasion. We can be evasive with our employees. Their work habits may be unsatisfactory. The quality of their output may be below standard or they may have developed certain unforunate traits of character. But instead of having a frank and honest discussion with them, we beat around the bush and drop vague hints which we imagine are an adequate explanation. By and by the matter comes to a head and we are forced to take drastic action and the employee complains and justly so—"Why didn't you tell me?" There are times when it is hard to tell people the truth, but you will find that your staff appreciate sincere discussions. It is sometimes essential, a doctor will tell you, to hurt in order to heal. If we are to help our staff improve in efficiency and attitudes, we will often have to bring into the open matters we might otherwise prefer to overlook.

There is one type of evasion that is not deliberate perhaps, but unconscious. That is indefiniteness. I remember once seeing a comp. foreman telling a new man how to mount a copper electro. After completing his instruction he asked the trainee to mount one. But almost immediately he snatched the hammer back. "No, no", he cried, "don't hold the nail at the top. You place your fingers down here so that if the hammer slips it will hit your fingers, not the type."

But he hadn't explained that to the employee when he was teaching. How often when we become impatient with new staff, do we stop to analyze our own instruction? Have we given them all the necessary details? Do we tell them what, why and how? It takes time, your supervisors will say. Yes, it does. It probably means five minutes more—and it may result in saving a customer or preventing damaged stock. The next time you hear that song, "Give me Five Minutes More", think of your new staff. I think that song should be dedicated to the new employee. Let us make sure we make him feel at home and make clear what should be done.

Today we are in an era when employee training is perhaps more important than it ever has been. In business and in industry we have a whole new generation who have come into the field, and, quite frankly, as you know, so many of them don't seem to have the proper concept of job responsibility. Things like promptness, courtesy, neatness, diligence, initiative, dependability—those words to them represent a foreign language. And while the condition prevails in almost every type of industrial and business activity, the results may prove more harmful in the sales field than anywhere else. For improved methods and equipment will help make up for an inefficient workforce, but what can make up for alienated customers?

And while this apathy on the part of junior staff may cause us to beat our brows and bewail our management troubles, let us remember there is an element of tragedy in this for the incompetents too. They have never known the impetus of competition—they are unaware of the demands of a buyer's market—they have no basis of comparison for their own conduct. Their tragedy is ignorance—they don't know the score.

And unless you and I and senior personnel take the time to tell them, they will never know. If we don't pass on the experience we have accumulated personally and that has been passed on to us from others, the channel is cut off at that point. While it is true we must be patient and considerate it is equally true there must be a degree of firmness as well. We are not doing anyone a favour if we let him or her develop into a second rater. Let us set the standard high and demand that standard high, and constantly, persistently demand the best a person has. It may be necessary—and I am afraid it may be often necessary—to discharge employees just to jolt them into a realization of what job requirements really are. That may seem a little ruthless, but in the ultimate analysis it is much kinder than letting someone degenerate into a confirmed incompetent. They may have established a habit pattern that will last them through life.

However, the subject of training is one that we might spend perhaps a little too much time on.

Closely allied to the evasive temperament is the habit of snooping, or gum-shoeing as they call it. Some executives always use the back-door to find out the facts. If we cannot get the facts from the individual concerned, then there is some fault either with us or with the individual.

Employees appreciate your coming to them for their side of the story. The direct route in human relationships avoids considerable discontent.

Executives who insist that snooping is necessary may find their own temperament is responsible—they are probably too impetuous and also possess a quick temper. Here we have the opposite fault of indecision. In this latter case snap judgments are made. Employees are dealt with abruptly, plans are made quickly and then changed or laid aside, and so the employees never know just where they stand. Some people live on such a constant hair trigger than others involuntarily become nervous in their presence. Remember that peace is catching. If we will control our own impulses we can radiate an atmosphere that will affect all those that approach us. Automatically others will feel relaxed and comfortable in our presence. In such an atmosphere, discussion comes naturally and petty viewpoints are reduced to a minimum. The next time some one comes to us with a problem let us watch ourselves and see whether our attitude helps to put him or her at ease. The more we can create that environment, the easier will be the solution of the many problems that occur from day to day.

Another weakness of executives might be called the pendulum temperament. I remember a long time ago reading a child's story in which someone was described as always up in the sky playing with the sunshine or down in the cellar drinking ink. Many of us have, to a lesser degree perhaps that tendency to alternate between gloom and gladness. In time the gloom usually degenerates into self-pity and we begin to imagine all sorts of slights and insults. We reflect on the many injustices that the world and our fellowmen have inflicted upon us and we get to the state where we actually enjoy being unhappy.

The unfortunate thing about this emotional self-indulgence is that its gets us nowhere. It does not solve any immediate problems and it destroys our daily effectiveness. It has a further unfortunate effect on all our employees. They realize that if they make a mistake one day they will be treated as ignoramuses, but another day the same error will be overlooked. They learn that on certain days there is no use coming to us because we will regard all proposals unfavourably. On days when we arrive in a good mood, the glad news goes round and everybody brings up suggestions they have been holding for two or three days. This temperamental inconsistncy is very trying on the staff, the result is the executive instead of being in the superior tactical position where he handles temperamental weaknesses of his staff, is in a negative position where they adjust their habits to his and take advantage of them.

There are many other executive sins. There is the sin of bluffiing, and pretending to know what we do not know, of being afraid to admit lack of knowledge, or being ashamed to ask questions, or resenting the comments of someone who could teach us something. Then there is the executive who receives frequent promotions, but neglects to improve his own education. We grow old only when we cease to learn; and as our environment changes, it may be necessary to improve upon knowledge that once was adequate.

Finally, there is the sin of judging all people by mass standards, of failing to regard them as individuals with varying backgrounds and homes and experiences, with various patterns of life which make it essential to know each one as an individual on the staff.

That is not so easy to do under today's industrial conditions. And yet employee surveys almost invariably indicate that what employees want most is not job security, not pay increases, but "recognition". The reason so many workers regard management as cold, distant, and unconcerned over employee welfare is because they have no personal contact and have never known their executive personnel to be warm, friendly, and interested. We can become so entangled with policies that we have no time for people; but it is only people who can make policies successful. Just as the bloom fades from marriage when a husband becomes too busy to be thoughtful, so lack of personal interest and consideration can effect a divorce between men and Management.

Socrates said that the beginning of wisdom was to "know thyself". That may be so. But the second step for Management wisdom is "know thy staff".

And that thought, the importance of human beings, is perhaps a good note on which to end this talk. Man has travelled a long, long way during the past few thousand years. Out of the caves, and swamps we have come, out of the forest darkness into the sunlight of civilization. We have outwitted the seasons by developing special houses and clothing, or buying a home in Florida. We have learned to improve seeds and enrich the soil so that it bears a hundredfold instead of tenfold. We have trained animals stronger than we to carry our burdens. We have harnessed the power of tide and waterfall to light our homes, to cook our meals, to do our work. On July 16, 1945, at the air base of Alamogordo in New Mexico was fulfilled the dream that tantalized scientists for centuries—one basic substance was changed into another, and in this particular miracle matter became energy. A world of limitless power opened up before our eyes. Time and space became trivial terms. Yet, as the first atomic bomb blasted Hiroshima, no one rejoiced. The whole world sat still in terror. Soon thinking men predicted that man would return to the caves and underground darkness in order to live in safety. The great wheel of civilization had swung in a complete circle.

Why was this? Because mankind suddenly realized that the philosophers were right. Man had spent too much time improving the world and not enough improving himself. His own intelligence had made the world unsafe.

Thomas Edison, perhaps the greatest practical scientist of the last generation once said, "The 19th century was the period of scientific advancement; the 20th century will be noted for spiritual advancement."

The time has come to make that prophecy come true. We cannot all take the responsibility for the world, but each of us can take responsibility for one individual. That is a challenge to me—I hope it is a challenge to you.

"MONEY MAKES THE MARE TO GO"

An Address By

DR. F. CYRIL JAMES,
B.Com., M.A., Ph.D., L.L.D., D.C.L.

Chairman: The President, Mr. Tracy E. Lloyd

Thursday, February 12, 1948

Reverend Sir (S), Distinguished Guests, Ladies and Gentlemen:

The Empire Club is greatly honoured today in having as its guest and speaker, Dr. F. Cyril James, Principal and Vice-Chancellor of McGill University.

Dr. James was born in England and Educated in London, graduating from the London School of Economics, University of London with B.Com. degree and the University of Pennsylvania (A.M. 1924, Ph.D. 1926)—also receiving LL.D. degree from Queen's University, New York University, University of Saskatchewan, Syracuse University and our own University of Toronto: the D.C.L. from Bishop's University.

Dr. James has had a distinguished career and is widely known for his educational work in Canada and elsewhere. In 1939 our guest was appointed director of the School of Commerce, McGill University and a few months later was appointed principal and vice-chancellor of McGill University.

Dr. James has served on many committees in connection with financial research as well as Educational pursuits and was chairman of the Canadian Government's Advisory Committee on Reconstruction—member of the Board of Governors of the Royal Victoria Hospital—of the Welfare Federation of Montreal and is vice-president of the National Conference of Canadian Universities. Our guest is also a fellow of the Royal Economic Society of

London—the Institute of International Affairs and many other societies and institutions.

As an author, Dr. James is an authority on social science, finance and economic history—a few of his well known publications being — "The Economics of Money, Credit and Banking", 1930—with a third edition in 1940—"The Meaning of Money" 1935, "The Economic Doctrines of John Maynard Keynes" and "Economic Problems in a Changing World". In this connection I would particularly refer you to the Empire Club published addresses of 1940-41, when Dr. James, on February 6th, 1941, addressed our Club, his subject being "Inflation and War Finance" and that address is, to a surprisingly accurate extent, a preface to the one we now anticipate.

It gives me a great deal of pleasure to introduce to the Empire Club Dr. F. Cyril James, B.Com., M.A., Ph.D., L.L.D., D.C.L., who has chosen as his subject

"Money Makes the Mare To Go"

Dr. James:

Seven years ago this month, when I had the privilege of addressing the Empire Club, I discussed with you the dangers of monetary inflation in time of war. The experience of history suggested that any resort to facile expansion of the monetary supply, for the purpose of avoiding courageous policy of taxation, would create problems almost as serious as those of war itself.

The wartime policies that were adopted by the government of this Dominion have, as I hope to show you in a few moments, avoided the temptations of monetary inflation more successfully than those of many other governments, but the most cursory survey of monetary conditions throughout the world indicates already the extent of our failure to attain in the great majority of countries the high hopes of Bretton Woods that were embodied in the resultant International Monetary Fund.

Let us pause a little while, before looking at the details of the present problem, to refresh our minds regarding the ideals that underlay the discussions at Bretton Woods, in which the Canadian representatives played so distinguished a part that the final pattern of the International Monetary Fund (midway between the American contentions of Dr. White and the British proposals of Lord Keynes) might well be said to be a Canadian invention. The leading nations of the world unanimously desired the restablishment of an international monetary system, a system in which foreign exchange rates would be stable and the currency of any one country could be freely convertible into that of any other.

If we remember that the agreements leading to the creation of the International Monetary Fund (and its sister institution, the World Bank) were among the first of our efforts toward the post-war reconstruction of the world economy—and recall the many other problems that were urgently demanding attention—we can realize the high importance that governments and peoples, in all countries attached to the restoration of a world monetary system.

I think it was H. G. Wells who first pointed out that the invention of money offered to mankind freedom of economic opportunity, a chance for individual initiative and an entirely new concept of freedom in all our personal relations. The statement is true. It was the impersonal efficiency of the gold standard during the nineteenth century that made possible the rapid development of all parts of the world through the operation of private enterprise. The pounds sterling that were idling in the bank account of a wealthy English spinster could be transmuted into German steel rails and American locomotives to construct a railway in Brazil, and the freights of coffee which that railway brought down to the seaboard were again transmuted into the money with which the English investor paid her bills at the hotel on the Riviera where she chose to live. The English investor did not need to know the name of the German firm that supplied the steel or the American locomotive builder, still less was she expected to know about the operation of Brazilian railroads. She did not even need to drink coffee. All these diverse activities in many parts of the world were somehow coordinated through the operation of the gold market and the foreign exchange market, which had their centre in the alleys around the Bank of England and stretched delicate nerve-channels out to all the money markets of the world.

Not until the first World War had finished did we realize how fundamentally the smooth operations of world trade depended on this delicate monetary mechanism. When the gold standard broke down, goods ceased to move and the economic relations of the world were unbalanced. Prices rose in some countries and fell catastrophically in others. Men starved in the East while foodstuffs rotted on the farms of western countries. Goods were desperately scarce in many parts of the world, while the men, in other countries, who could have made them, were suffering long periods of unemployment.

Strenuous efforts were made to restore the old gold standard, but these efforts did not succeed, and during the great depression of the 'thirties world trade spiralled downward to the meagre trickle that could be organized on the basis of bilateral treaties under which, in the primitive fashion of our remote ancestors, a load of German steel was exchanged for a load of Brazilian coffee after lengthy negotiations. The great freedom which money had given to mankind had gone, and autarchic regulation by government had taken its place. We gave up, in our despair, the ideal of a freely functioning world economy, and each nation ruthlessly strove to improve its own position by stepping on the heads of its neighbours. Even if the phrase *cold war* had not been invented, the reality existed. Your own memories can recall the stages by which that cold war moved steadily into the most savage conflict that history records.

That, in a nutshell, is the reason that—three short years ago—the leading nations of the world unanimously agreed that the restoration of an international monetary system was absolutely essential to the restoration of a world economy and the establishment of the Four Freedoms which had been envisioned as our goal in the dark days when the Atlantic Conference was secretly held on the quiet waters off the coast of Newfoundland. Because we knew the profound significance of a world monetary system, we left nothing to chance, and every effort was made to avoid the mistakes of the 'twenties. This time we were not willing to rely upon unilateral action, with its opportunity for competition and mistakes of omission. The whole matter was fully thrashed out at a series of official, and unofficial, conferences, and the final decisions were set forth in an elaborate international treaty. This time we should start the long and difficult task of reconstructing the world *within the framework of an efficient international monetary system,* simplifying our problem and clearly defining our goal by that decision.

What has been the result? The major events are clear in all our memories, and the mere recital of them indicates the extent to which we have fallen below our ideals. Within less than a year of the full inception of the International Monetary Fund, Great Britain found it necessary to suspend the convertibility of the pound sterling. Anybody, in other parts of the world, who sold goods to England could not freely exchange for dollar currencies the pounds sterling that he received in payment; and, since Britain is still one of the world's greatest importers, a serious breakdown of the international monetary system was the immediate result.

We, in Canada, were immediately affected. In spite of the fact that our exports were higher in value than at any previous period of Canadian history, and substantially exceeded our imports, we could no longer exchange for U.S. dollars the pounds sterling that we received for the vast quantities of goods that we shipped to Britain. Our sterling balances increased, but in spite of the cooperative efforts of Great Britain to help us we found that we had not enough dollars to finance the purchase of those goods and services that Canadians wished to purchase from the United States. Restrictions were imposed on our imports from the United States, and upon the extent to which Canadians could enjoy the winter sunshine of Florida and California.

Shortly afterwards, there were other developments of an equally serious kind. Russia, which seems to suffer from many of the problems of capitalist countries in spite of its communist philosophy, announced on December 14th that it was devaluing its rouble. Although the foreign exchange rate did not change, having long been maintained at an artificial and arbitrary figure by reason of the strict regimentation that the government of the U.S.S.R. maintains in every segment of the Russian economy, the individuals who had practised the ancient virtue of thrift were deprived by this edict of nine-tenths of their savings. The Russians were told, moreover, that the rationing of foods and industrial consumer goods would be abandoned so that the remainder of the individual's savings would command smaller quantities of goods in that peculiarly capitalist organization—a free competitive market—which Russia has now adopted for the first time in Soviet history. If the announcements of the Moscow radio mean what they say, the present monetary difficulties have forced the Russian government to go much further than the N.E.P. which Lenin reluctantly adopted for a brief period in the early phase of Soviet history. If rationing, which was so dear to the hearts of communists, has been abandoned and the Stakhonovite system of rewards maintained, the Russian worker is now in the position where the quantity of food that he can eat depends directly upon the amount of work he does, with no family allowances or unemployment insurance benefits to temper the wind to the shorn lamb. Surely no more startling demonstration was ever offered of that ancient adage that "money makes the mare to go".

Just a month later, during the last week of January in the present year, France tackled the same problem of domestic inflation by quite different methods. The domestic value of the franc was not touched, so that the Frenchman still enjoyed the same paper wealth; but the official foreign exchange rate in terms of U.S. dollars was raised from 119 francs to 214. The Canadian and the American could get nearly twice as large a basket of French goods for his dollar—whether he desired brandy, or perfume, dresses for his wife or a holiday on the Riviera.

These developments are serious enough, in all conscience, but the Canadian plans, and the French, went even further to strike at the root of the Bretton Woods Agreements. It is fundamental to any international monetary system that there should be some standard to which everything else is related: without that we should have no more than an elaborate Heath-Robinson complexity transposed into the realm of nightmare because each of its parts was independently elastic.

In the Bretton Woods Agreement, the point of departure was the U.S. dollar, which was defined as one thirty-fifth part of an ounce of gold, and it was assumed that the foreign exchange values of all other currencies would be fixed at that point relative to $35 which indicated the domestic purchasing power in the country concerned of one ounce of gold. When the Government of Canada suggested that, without changing the official exchange rate vis-à-vis the U.S. dollar, it would pay $42 an ounce for newly-mined Canadian gold, it struck at the fundamental principles on which the Bretton Woods Agreement was constructed; and although the pattern of Canadian policy has been changed substantially as a result of discussions with the International Monetary Fund, there is still a measure of conflicting principle in the present proposal (announced by Mr. Abbott on December 11th) to pay a bonus to those Canadian gold mines that increase their production by at least two-thirds of the amount produced in the year ending on June 30th, 1947.

Even more serious is the policy adopted by the French Government, which in addition to devaluing the franc in terms of official quotations, has established a free gold market and, within certain limitations, a free foreign exchange market on which dollars and sterling can be sold at a price that differs from the official quotations. This decision, so far as we know, was taken unilaterally without that prior consultation with the International Monetary Fund by the Bretton Woods Agreements. It is a policy that is dangerous not only to those who are responsible for monetary management in France but to those who bear similar responsibilities in regard to the pound, and other currencies, since it implies a serious break in the general pattern of conscious monetary management on a worldwide scale.

These technical details of exchange rates and gold prices may not seem important in a world that is faced with many problems that fill the headlines. They are not as obviously pregnant with human drama as the tragic death of Gandhi, the riots in Palestine or the fighting on the northern frontiers of Greece. But, if we really hope to create a world economy in which there is opportunity for human freedom and a decent standard of living, they are just as important. To sabotage the international monetary system for the temporary purpose of advantaging a national economy is perilously close to that blind and futile selfishness which led men steadily towards catastrophe during the nineteen-thirties.

In spite of all the difficulties that we face in the economic field, we must keep the ideal of a sound world monetary system continually before our eyes and not fall into the temptation of sabotaging the programme when it seems to be our immediate advantage to do so.

But we must do more than that. The breakdown of the Bretton Woods Agreement during the past twelve months has been due not to technical imperfections in the International Monetary Fund but to the fact that we have neither recognized nor corrected the weaknesses which are amply apparent in the domestic economies of the participating countries. We have not tackled the problem of domestic inflation, nor solved the problems that arise from the disequilibrium in the balance of payments.

Let us look first at the problem of inflation, since it is a fundamental assumption of any international monetary system that rates of exchange correspond in approximate fashion to the purchasing power of the two currencies in their respective countries. If a pound exchanges for four dollars, it is assumed that four dollars in Canada will purchase as much as one pound in England, and in the old days of the gold standard the fluctuations of foreign exchange rates beyond the gold points automatically maintained such a relationship. It follows, therefore, that under an international monetary standard the movements of price level in all the participating countries must keep step, or else the exchange rates must be adjusted to the altered situation.

This has not been the case. I must exclude Russia from consideration because we have no useful statistics, but we can observe the disparities that have arisen in the other countries with which we are concerned. In the United States and Great Britain, wholesale prices have doubled since 1938—the last pre-war year. In Canada the increase has been less (about 80%), but in France the present wholesale price level is *twelve times* what it was in 1938.

This increase in wholesale price is not due in any large measure to speculative profiteering or black market operations. It is due primarily to the increase in currency and bank deposits resulting from deficit-financing on the part of the several governments during, and since, the war. But if we look at the figures of monetary supply in the various countries we realize that there is even more dynamite in the present situation than seems obvious at first sight. In France, the monetary supply (notes and deposits combined) has increased from 131 billion francs, in 1938, to 1,164 billion at the end of 1947—an increase that is much less than the rise in prices, so that velocity of circulation has obviously increased and a "flight from the franc" is apparent.

In each of the other countries the situation is reversed, and money supply has increased more than prices have risen.

	1938	1947
Canada	$ 2,788 millions	$ 7,509 millions
United Kingdom ..	£ 2,750 "	£ 7,050 "
United States	$33,575 "	$115,752 "

Even when we make allowance for the fact that there has been some increase in the supply of goods, especially in Canada and the United States, it is apparent that the velocity of circulation has declined, so that tremendous forces for potential inflation still exist.

To take one further series of statistics, it is apparent that price dispersion—the diversity in the extent to which individual prices have changed—is substantial in these countries. The following figures which show the situation at the end of 1947, as a percentage of the average figure for 1938, tell their own story.

	Wholesale price of all commodities	Wholesale prices of farm products	Wholesale prices of manufactured goods	Cost of living
Canada	181	173	168	141
United States	202	272	173	164
United Kingdom..	201	176	212	135
France	1204	*	*	1336

*—figures not available

In Canada, we have maintained a reasonable equilibrium between the price of farm products and that of manufactured goods, but the contrary patterns of the American and British economies are at once obvious. Nor can we assume that the recession of prices in the commodity markets of the U.S., which is now attracting so much attention will correct the situation, since in a period of deflation, just as much as during inflation, there is no reason to expect that individual prices will change proportionately to one another.

This problem could be discussed at great length if there were time, but enough evidence has been offered to suggest that, in Canada and throughout the world, we must study afresh the validity of the foreign exchange rates that are now in effect. We must do so cooperatively, through the machinery which the International Monetary

Fund offers for that purpose; but we must do it honestly and without sentiment, because no international monetary system can work if it is hamstrung by artificial exchange rates.

Mr. Henry Hazlitt, in his thought-provoking essay entitled *Will Dollars Save the World*, has suggested that such an adjustment of foreign exchange rates would go far to solve the disequilibrium in the balance of international payments, which I mentioned as the second of the fundamental problems that confront us.

He is undoubtedly right, in part. If the Canadian dollar, as a result of the recent devaluation of the franc, will purchase twice as much French brandy or millinery, we can expect that France will be able to increase her exports to Canada and thus finance a larger import of Canadian food to nourish her children. In a more general sense, if all the foreign exchange rates that are now maintained at an artificially high level were reduced to something like "purchasing power parity", the countries of Europe would all be able to expand their exports.

At first sight, Mr. Hazlett's proposal looks like a comfortable suggestion by which we, in North America, can silence the urgent promptings of conscience. Let the Europeans devalue their currencies far enough and we shall be glad to give them dollars for all that they have to sell. We can thus avoid the need for offering credits!

That answer will satisfy the priest and the Levite, but not the good Samaritan! Let us admit that some devaluations are necessary. Let us work through the International Monetary Fund to ensure that they are wisely and efficiently carried out—but let us remember that competitive devaluation, to which our own inaction may force some of the weaker nations, is but the suicidal effort by which a despairing nation that will not see its children starve, places upon the counter of the international pawnshop, everything that it has inherited or can produce. We must not think in terms of the happy repudiations of some of the South American nations during the nineteenth century, which hurt nobody but their creditors: competitive devaluation in Europe today would be like the nightmare experience of France or Austria in the early 'twenties—an experience that, far from aiding the course of reconstruction, has left an indelible mark on the generation that experienced it.

If we are to attain equilibrium in the international balance of payments—which is essential to the functioning of the International Monetary Fund—and to attain it in a manner that constructively lays the foundation for future economic stability, we must make available *at once* out of our great riches such loans and gifts as will enable the people of Europe—not even excluding those who were our enemies—to get themselves on their feet and take up their full responsibilities for the functioning of the world economy.

It is not a time for penny-pinching discussions of false economy. The $6.8 billions of the Marshall Plan commitments for this year represented the irreducible minimum in the minds of the men, well qaulified to know, who studied the situation on the spot; and it does not make sense to suggest the easy arithmetical reduction to $4.0 billions while we sit in the pleasant comfort of our heated rooms after a good meal. I say this with no sense of criticizing the friendly government of the United States. Even if the full Marshall Plan is approved by Congress, goods to the value of $4.8 billions must be provided from sources outside the United States and Canada is expected to provide one-third of that total before June 30, 1949. Even more urgently, Canada is expected to provide $211 millions of goods before June 30th, 1948.

At the moment, there is jubilation in Canada at the suggestion that the United States will purchase with U.S. dollars some $2.6 billions of the goods that are needed from beyond its borders, so that Canada should benefit to the extent of about $900 millions. This sum will greatly strengthen our foreign exchange position in terms of dollars, and help to solve the problem that has already been mentioned, but the generous action of Canada during the past three years is enough to prove that our interest in the Marshall Plan cannot stop at this point. We must certainly provide great quantities of goods: I think that we also have a further responsibility to provide, on our own account, supplemental credits that will augment the Marshall Plan and increase the immediate aid to Europe. This responsibility will, moreover, increase if the Congress of the United States should reduce the overall figures envisaged by the Marshall Plan itself; so that, in spite of the fact that I dislike paying taxes just as strongly as the next man, I would suggest that the Government of Canada should think carefully about the desirability of maintaining present personal income taxes on all brackets—low and high—as a part of our effort to restore a world economy, Such taxes necessarily restrict consumption; but we must restrict consumption in some way if we are to send adequate quantities of goods to Europe, and if we do not restrict it, the Marshall Plan (together with our own Canadian credits) may intensify the inflation in this country. The surplus revenues resulting from such taxation will, moreover, provide the funds out of which enlarged credits such as I have suggested can be made available.

It is now, in this year of grace 1948, that we must decide how much we are willing to pay for the privilege of giving our children a better chance to live their lives in peace; and, if money makes the mare to go, we must decide today in which direction we want her to pull our destiny.

Appendix.

Brief Notes Regarding the Marshall Plan.

During the period from April 1, 1948, to June 30, 1949, it is estimated that the total imports of the sixteen European nations that are participating in the Marshall Plan will amount to $11.8 billions. (This includes all of Germany except the Russian Zone.) Of this, the United States expects to supply $7.0 billions, but other nations in the western hemisphere will be called upon to supply $4.8 billions.

Out of the $11.0 billions of European imports, it is expected that $4.2 billions will be purchased by means of *exports* from the European countries: the remaining $6.8 billions will have to be financed by credits from the United States.

It is further suggested that, out of these credits, aggregating $6.8 billions, the United States will spend $2.6 billions on the purchase of goods (for Europe) from the other western nations—leaving them to finance the difference between that figure and the total of $4.8 billions mentioned above by imports from Europe, or by credits extended on their own account.

In the case of Canada, it is expected that the Dominion will have to supply about one-third of the goods needed from outside the United States, i.e., about $1.6 billions. It should therefore receive in United States dollars about one-third of the amount that the U.S. will expend beyond its own borders, or $900 millions.

Table I.

Estimates of the quantities of goods to be provided by countries outside the United States that would be paid for in U.S. dollars under the Marshall Plan—April 1, 1948, to June 30, 1949.

Bread grains	$389.2 millions	
Coarse grains	301.5	
Meat	334.5	
Fats and oils	172.8	
Oilcake and meal	121.0	
Sugar	179.7	
Dairy products	40.0	
Eggs	47.1	
Dried fruit	.6	
Rice	39.4	
Coffee	82.0	
Other foods	67.3	
Total foods		$1,775.1 millions

Tobacco	28.7
Agricultural machinery	17.9
Timber	37.3
Iron ore	8.8
Motor trucks	9.4
Sundries	426.0
Grand total	$2,615.0 millions

Table II.

Estimates of the total quantities of some of the more important commodities that Canada would have to provide under the terms of the Marshall Plan.

Materials	April, May, June, 1948	July 1, 1948 to June 30, 1949
Bread Grains	109.0	455.4
Coarse Grains	—	15.3
Meat	25.6	102.3
Fats and Oils	—	1.3
Dairy Products	9.7	20.8
Eggs	15.4	30.6
Dried Fruit	0.3	0.3
Other Foods	11.2	19.0
Tobacco	2.7	10.9
Timber	38.1	152.6
Crude Semi Finished Steel	5.4	21.7
Rich Iron Ore	0.9	3.5
Trucks	3.2	13.0
Farm Machinery	—	22.4
Timber Equipment	—	0.1
	$211.5 millions	$869.2 millions

"CANADA AND THE NATIONS"

AN ADDRESS BY

THE RT. HON. JAMES GARFIELD GARDNER,
P.C., B.A., L.L.D.

Chairman: The President, Mr. Tracy E. Lloyd

Thursday, February 19, 1948

DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

We cordially welcome to the Empire Club, Canada's Minister of Agriculture--the Rt. Hon. James Garfield Gardiner.

It is interesting to recall that in March, 1935—nearly thirteen years ago—our guest of honour addressed this Club when he was Prime Minister of Saskatchewan—it is surprising what can happen in thirteen years.

Mr. Gardiner graduated from the university of Manitoba receiving his B.A. and also an LL.D. from the University of Manitoba as well as from the University of Ottawa. Our guest of honour began his carreer as principal of the continuation school in Lemberg, Sask., and has been farming since 1916. At the General Elections in Saskatchewan, Mr. Gardiner was appointed Premier in 1926—re-elected in 1929—then again in 1934. In 1936 our guest was elected to the House of Commons where he has served as Minister of National War Services and was appointed to the Imperial Privy Council, January 1st, 1947.

We recall with both pride and sorrow that Mr. Gardiner's son, John Edmund, was killed in action at Dieppe.

In introducting today's guest of honour, The Rt. Hon. James Garfield Gardiner, P.C., B.A., LL.D., Canadian Minister of Agriculture, let me quote—"the agricultural population", says Cato, "produces the bravest men, the most valiant soldiers, and a class of citizens the least given of all to evil designs".

"CANADA AND THE NATIONS"

Mr. Gardiner:—

Mr. Chairman: It is always an honour to be invited to speak to the Empire Club in Canada's greatest industrial city. The name of your Club suggests your interest in an Empire which has accomplished more toward the establishment of world peace than any other national or international organization. I would like to express my own opinion which is to the effect that its continuance as a Commonwealth of free nations is more necessary to the future welfare of mankind than any other conception.

CANADA'S INDUSTRIAL IMPORTANCE

Canada has for many years been one of the world's greatest trading nations. I think it is correct to say that at least since the first world war she has moved back and forth between third and fifth place. Much of her trade in that period was in raw materials or those only partially processed, and textiles and capital goods necessary to her development. During the second world war we assumed a high position among the nations in the export of manufactured war equipment. The experience and development of the period has tended to increase the importance of our own industry in supplying our own needs as well as in providing exports to meet the needs of others. Although it is important that our raw materials be made available to countries needing them to maintain their own industry, it is still more important that we utilize considerable of our primary products to employ people now here and to induce others to come to swell our population. It would seem to me that the extent to which we employed our resources and man power to prosecute the war should place upon others the obligation of providing that our industry be employed in performing tasks which that war made necessary.

THREE WAY TRADE

Our trade in the past has been largely with Britain and the United States but anything I say today regarding that should not infer that we have no obligation elsewhere From 1900 down to the present, generally speaking, this three-way trading has resulted in a near balance involving about three quarters of our trade. During the two wars these three countries carried by far the greater part of the Western Democracies' war effort. It is often said that no country can enjoy prosperity if its neighbours are in poverty. I think it can be maintained that no one of these three countries can over a period enjoy its greatest possible prosperity unless it is prepared to co-operate as enthusiastically in peace as in war to assist the others. In my opinion it is important that they continue to assist one another to play a full part in the re-establishment, not only of the economy of Europe but of the economy of each. Our three-way trade should be enlarged and balanced through the same type of co-operation in financing and in exchange of essential resources as prevailed throughout the war. There is no reason why there should not be the freest possible exchange among these three countries, and many others, of essential commodities. If there is to be that free exchange it can only be maintained if exchange difficulties are reduced to the minimum. In short any one nation which is in a position to ease the exchange difficulties of the others should do so. It is possible to put more effective obstructions to trade into effect through currency control than by the use of customs duties.

THE AREAS CONCERNED

It might be interesting to examine the relative importance of the area in Europe west of Russia including Great Britain and North America. The two areas combined have less than one-third of the population of the world. That less than one-third of about 600,000,000 people is divided, one-third in North America and two-thirds in Britain and Western Europe.

It is approximately correct to say therefore that under ordinary circumstances about two-thirds of the market for the necessities of life in this area is east of the Atlantic and about one-third west.

The circumstances are not ordinary, however. We have just spent six years blasting out of existence the industrial plants of continental Europe. In city after city we also blasted out of existence the homes of the people. Only a small percentage of the people was destroyed. The population of Europe outside Russia is estimated to be 20,000,000 less in 1946 than in 1940 or about 5% less. In short the immediate movement of commodities of all kinds eastward should be much higher than ordinary. I would think that if the European rehabilitation is to be effected within a reasonable time the east moving trade should be enormously increased. Instead of the constant movement of manufactured goods from east to west which characaterized the period of development in the new world there will be an eastward movement of supplies necessary to rehabilitate Europe. Any effort to create an annual or any short time money balance in this trade will bring disastrous results.

THEY REQUIRED FOOD

That great mass of population crowded into an area not half the size of Canada required food immediately the war was over. This continent, South America, Australia, New Zealand and Africa supplied much of that food and clothing but North America supplied the greater part of it. It should be said for the farmers of this country that they materially changed the nature of their production twice during the period between 1940 and 1946 to meet the needs of Europe. They changed 10,000,000 acres from cereal to livestock production between 1940 and 1942 and changed 8,000,000 of it back from livestock to cereal production between 1944 and 1946. The farmers at their own expense carried 600,000,000 bushels of wheat from 1942 to 1945 to be utilized in rehabilitation. Every one agrees that Canadian farmers did their job as efficiently and well as any in the world both toward the prosecution of the war and toward the rehabilitation of Europe.

THEY REQUIRED CLOTHING

That great mass of population required clothing. Much of the fibre necessary to its production was produced on this continent, most of it the United States. The movement of food and clothing must continue.

THEY REQUIRE FACTORIES

The last war was so different from the first that it is difficult to compare the problem of rehabilitation now with that of a generation ago. The first war was a trench war which destroyed a comparatively small part of industrial Europe. The last war was one of movement by land, sea and air, which ignored the country areas and concentrated upon the great industrial and shipping centres. Industrial cities and in a few cases great harbours were blasted into useless piles of scrap-iron and rubble. It is correct to say that industry made even greater changes to meet first the requirements of war and later to meet the changed requirements of rehabilitation than did farmers.

If these hundreds of millions of people are to be put back to work in Europe, the greatest productive area in the world, the necessary equipment for destroyed harbours and industrial cities must be provided from somewhere. Much of it must come from outside Continental Europe and a great part of it could be produced on this continent. If there is complete co-operation both in exchange of resources and provision of credits or dollars, Canada should be able to keep her factories as fully employed during the period of rehabilitation as during the period of war.

If agriculture and industry is fully employed during the period of rehabilitation in supplying Europe, the immediate future should be secure. I think it should be said, however, that great care should be taken by those who control the purse strings as to where the pressure is put on. If American dollars are being provided to assist in the rehabilitation of Europe and if American materials are being provided freely to Canadian plants it is quite proper to suggest that for the time being capital expenditures in Canada on capital goods thus provided for should be limited. But I think great care must be exercised to assure that this is not carried to the point where it results in a curtailment of development in Canada. Although Europe requires rehabilitation, Canada has not ceased to be a new and undeveloped country. If the greatest care is not taken to utilize to the limit Canada's possible contribution toward the rehabilitation of Europe not only Canada, but the world will suffer.

WHAT HAS CANADA TO OFFER

What has Canada to offer which would help in the rehabilitation of Europe? Canada has a great area populated by 12 million people. Europe including Britain has an area half as great, populated by over 400,000,000 people. Canada has vast undeveloped resources of land, sea, forest and mine. The resources of Europe are developed to the nth degree. Canada can provide materials necessary to the further development of the industry of Europe in order that their great populations may be maintained on a higher standard. Canada can provide additional food, clothing and materials to provide for the sustenance of the people. Canada can take our share of those commodities which they can produce to better advantage than we.

But Canada will assist Europe, Britain and herself most by taking from those areas to ours, people. They must lower or at least not greatly increase their populations. We must greatly increase ours if we are to perform the duties toward ourselves and others which warrant our being an independent nation.

HOW MUST WE INCREASE

There are two ways in which we can increase our population. The first is to make it possible for our Canadian born citizens to remain in Canada. The second is to bring others suitable to our climate and needs who can be assimilated with our own people into one common citizenship. The surplus populations who would meet these qualifications are nearly all to be found in Britain and Europe.

WHAT SHOULD OUR OBJECTIVE BE?

Canada has done a remarkably good job of obtaining and retaining population during the first forty years of this century. She opened the century with 5,300,000, and after forty-five years has 12,000,000. The United States opened the last century with 5,300,000 and at the end of forty years had 17,000,000. But statistics show that countries similarly situated to Canada do advance their populations much more rapidly after reaching 10 or 12 million. In my opinion, we should set ourselves the task of increasing our population by at least 500 thousand a year immediately with an objective of reaching a million a year inside of ten years. In others words, we should be driving for double our present population in not less than fifteen years. I base that objective on the results obtained through the development of industry in the United States, and Great Britain, during the last century.

WHAT SHOULD WE DO TO ACCOMMODATE THEM?

The outstanding criticism is that many of our people go to the United States. A certain group will always go to the United States or some other country with a warmer climate. On the other hand, a certain number will come to Canada from the United States because of the conditions existing here. Over a term of years the numbers will about balance. But we should do those things which will hold the sturdiest and best of our people.

WE SHOULD DEVELOP OUR MINERAL RESOURCES

First we must explore and make known to our young engineers and technical men the wonderful resources of our hinterland extending from the iron deposits of the Labrador coast through the gold and nickel fields of Northern Ontario, Quebec and the Prairies, and radium fields of the territories to the coal, iron and timber resources of British Columbia. We must develop the abundance of water power essential to the mining and processing of our mineral wealth. We must cash in with those countries in the world which find these resources necessary to their own existence to an extent which will wipe out any lack of balance there otherwise would be in our exchange of commodities.

WE SHOULD DEVELOP OUR TIMBER RESOURCES

As one flies West and stops at Kapuskasing one is impressed with the effect secured there by a great American publication in producing paper. The outstanding fact is that water power and pulpwood are found in close proximity. That is true from the Atlantic to the Pacific in a section of country which today maintains only a sprinkling of population. We have only touched the fringe of the possible conservation and utilization of our forest resources.

FISHERIES

Our coastal fisheries have a world-wide reputation, but little is known of the possibilities of our inland fresh water lakes. The north is covered by deep cold lakes, everyone of which abounds in fish of unmatched flavor.

AGRICULTURE

I have been speaking of the great unknown north. The glimpses given to us of its possibilities through the efforts of a few adventurous souls are a challenge to every young man who has taken a course in engineering. But the greatest known possibilities are in the areas where population has already spread itself thinly. I have been speaking of the great natural water powers of the north and I could speak of the great natural powers of the St. Lawrence water system both developed and undeveloped as a source of wealth which would hold and induce settlement, but you are familiar with that. I want to speak for a few moments of the great agricultural section of Western Canada as related to water because of its potentiality as an inducement to settlement.

Canada's development was at a standstill until she placed in charge at the time of Confederation men with a vision of our possibilities, who linked our country with bands of steel. In the early nineties our development was again at a standstill until Sir Wilfrid Laurier invited into his government a man of vision in the person of Sir Clifford Sifton, who realized that lands without people to develop them were a source of expense. He put the two lines of rusted steel to work rushing in settlers and drawing out food to be shipped to the far corners of the earth. Fifteen years ago little Canadians were talking of shipping these same people out. Twenty-five million dollars has been spent in the last twelve years to prove they and others can live there to better advantage than elsewhere. One hundred and fifty million dollars spent upon the storage and utilization of water in Western Canada and an equal amount spent to harness and utilize water in other parts of Canada will make it possible for us to spread industry across this country to provide a home market for Canadian produced food which would greatly increase the farm population and so improve the living conditions upon farms as a induce Canadians to stay, and others to come.

HIGHWAYS

There is one other matter I want to refer to shortly. It is the need for improved highways in Canada. I think we are the only civilized country in the world which has no system of National Highways. We have some very laudable provincial developments but absolutely no national highway system. We have had our railway builders, our shipbuilders, our areoplane routes established, but no one .has ventured to tramp upon the toes of the provinces by giving us a national system of highways upon which to operate the vehicle which carries more passengers than all others combined. Someone with the vision and courage to develop a national highway system would do as much to provide inducement to young people to remain and others to come as any other one thing.

If we all get busy and boost, we can more than double our population in 15 years.

WHERE FROM?

The natural increase would raise our population at least Four and a Half Million, the other Seven and a half would come to us. Churchill said about two years ago that Britain could stand a reduction of seven million people. If we received our share of them and the others from Europe and the United States we would simply be taking our part in promoting a migration of European people, and ideals which has been going on since Columbus discovered America, first under Spanish Dutch, and

French leadership but for the past three hundred years under French and British Leadership.

THEIR IDEAL

These people descended from Europeans now occupy Western Europe, Britain, the Americas, Australia, New Zealand and the greater part of Africa. They are organized as many separate countries. They have made their influence felt in great countries like India and China. They do not wish to extend their territories. But they are resolved that their right to live at peace within their own bounds and among themselves must not be disturbed. It is the group outside the continent which stopped at the English Channel the intentions of some from within to interfere.

Their ideal is expressed in the theory of the Brotherhood of Man. Just as it is the ideal of the anti-Christian Communists to spread their doctrines by force, so it is the ideal inherent in the great migration of Europeans that the Christian injunction "Go ye into all the World and preach the gospel of Peace on Earth Good Will among men" should prevail. The latest proof that the Christian Doctrine will win is to be found in the fact that the erstwhile warlike tribes of India are likely to associate themselves in two great independent nations likely to adjust their difficulties by peaceful means in associations with those of European origin. The services held during the past week to do honor to a great leader laid emphasis upon the fact that Gandhi preached a doctrine inherent in the Christian Beatitudes as expounded in the Sermon on the Mount. It is that doctrine which was carried from Europe to the corners of the earth by European explorers and colonizers. It is that doctrine which is fundamental in the establishment of the Commonwealth of which the two nations formed in India have become the latest members. It is that doctrine which assures that peoples of different nationalities brought to Canada can be welded into one great Peace-loving nation.

"UNITED EUROPE"

AN ADDRESS BY

COMMANDER STEPHEN KING-HALL, R.N.
(Retired)

Chairman: The President, Tracey E. Lloyd

Thursday, February 26, 1948

REVEREND SIR, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

We welcome to the Empire Club of Canada Commander Stephen King-Hall, R.N. (retired). It is almost five years since the Empire Club welcomed as its guest of honour Commander King-Hall but many of us remember the stirring address he delivered at that time "Britain and the Future and we are very glad indeed to welcome him back to our Club.

Our guest of honour served in H.M.S. Southampton with the Grand Fleet in the First World War and at the Battle of Jutland was in command of H.M.S. Southampton which fought four German light cruisers at 800 yards range, 75% of the upper deck were casualties in that engagement.

After the First World War our guest of honour served on the Admiralty Naval Staff from 1919-1929—also served with the Royal Naval Staff College, China Squadron, was intelligence officer of the Mediterranean Fleet 1925-1926, the Atlantic Fleet 1927-1928 and the Admiralty Naval Staff 1928-1929.

Commander K.H. as he is familiarly known in the navy, was member of Parliament for a division of Lancashire 1939-1945.

Our guest is also a writer of note and for a thesis written in 1920 on "Submarines in the Future of Naval Warfare" won the coveted Gold Medal of the Royal Institute. Our guest has published many other works including "Imperial Defence", "The China of Today", "The War at Sea" and "Britain's Third Chance" published in 1943.

In introducing our guest of today, it is interesting to recal what Victor Hugo said nearly one hundred years ago and as quoted on our card—"I represent a party which does not yet exist . . . There will issue from it, First, the United States of Europe, then the United States of the World".

It gives me a great deal of pleasure to introduce to you Commander Stephen King-Hall, R.N. (retired), who has chosen as his subject "United Europe".

Commander King-Hall:—

MR. CHAIRMAN, GENTLEMEN: I might explain that I am not in Canada making any speeches at all, but at the end of some remarks I propose to suggest to you on the subject of *A United Europe,* I will tell you very briefly why I am in Canada to try and do a service for this country. It is perhaps very small return for what Canada has done for Great Britain, but in the limits of my capacity it is something I am trying to do for Canada and I hope you will be interested in my telling you about it.

I hoped it would be appropriate if I began my remarks by observing that when Mr. Churchill heard I was coming over to Canada, he expressed the hope that if I did have an opportunity of addressing some meetings, I would speak to them on the subject of United Europe and that I would tell you he hoped that Canadian public opinion would view sympathetically the efforts which we are making at the present time in Great Britain to advance this cause of a United Europe.

Having delivered that message I must now say I come before you as a person who is independent in politics. Indeed, I am a member of Mr. Churchill's Executive Committee precisely because I am an independent. I am here to represent the independent point of view. So from now on, any remarks are my own responsibility. I am not speaking for anybody but myself.

The idea of a United Europe is as old as Europe itself. Some of you may know that publication we have recently got out, a pamphlet in which we are outlining the history of the idea of a United Europe. I mean to tell you in a few moments something about some of the ideas that have been put out in the past. I would only say at this stage that William Penn, that well-known Quaker, in 1693, produced "Essay Towards the Present and Future Peace of Europe by the Establishment of an European Diet, Parliament or Estate", and he began that essay with the following words which really might have been written today: "He must not be a man but a statue of brass or stone whose bowels do not melt when he beholds the bloody tragedies of this war."

From the moral point of view you may argue that today war is no more tragic than it ever was in the past. It cannot be more tragic then from the moral point of view because it is the supreme tragedy of human society. But on the physical side everyone will agree that never have the physical consequences of war been so terrible and frightful as they are today. Naturally, I refer to the atomic bomb development and the question one asks oneself is this: What, outside of politics can be designed or brought about which is at least as grandiose, as tremendous and as striking on the political side as the atom bomb is on the physical side? What are we going to throw on the other scale of the balance to level things up on the political side to compare with this terrible event on the physical side?

I think if you examine this question objectively you will probably decide that the theoretical answer to that is World Government. If you can have on the right, World Government, you won't feel so alarmed in having on the other scale of the balance this atomic energy. You would feel that World Government might be able to control atomic energy and turn it to the world's peacetime uses.

Now, I don't want to say a thing about the people who are working for World Government. It is evidently a long term educational job. Many people are saying today that the world situation is so serious that we should go straight out for World Government. That is their view. It is not my view, because World Government, in my opinion obviously demands a degree of unity and common thought among sovereign states which does not exist today. I am a practical sort of a chap and I can't really attempt to look ahead more than ten or fifteen years. I don't criticize those who are working for this—I say God speed them in their efforts. But I am rather against trying to bite off the whole bunch of cherries in a single bite. I rather prefer to bite off the single cherry of a United Europe in one step toward a World Government. We may not be able to get the whole cherry but even a half cherry is better than no cherry at all. I say that the best thing, in my opinion, is to concentrate on European unity.

I mentioned just now that there had been many ideas in the past along this line. I want to tell you about some. I am not going to dwell on certain leagues and alliances which have been created in the face of a common enemy or for limited purposes, such as the Crusades, the Hanseatic League, the Papal Leagues (such as that of Cambrai), or that Holy Alliance of Tzar Alexander I which I regret to say my ancestor, Lord Castlereagh, stigmatized as "a piece of sublime mysticism and nonsense" and which was doomed to failure in the absence of British support.

I propose briefly to mention some of those projects which to a greater or lesser extent were inspired by a constructive purpose. I am going to begin with the *Grand Design of Henry IV of France.* It's real author was the Duke de Sully, who published three volumes in 1638 and 1662. Of this attempt at that time, Rousseau said it was not good enough for Europe because Europe was not good enough for it. Although it set out a plan really for uniting all the Christian kingdoms of Europe under the control of France, it contained the germ of a modern idea when it said that the great plan aimed at making France happy for ever but that she could not perfectly enjoy this felicity unless all Europe likewise partook of it.

One sees an echo of that in Litvinof's famous phrase, "Peace is at once one and indivisible".

In that plan Europe was to be divided into six hereditary monarchies five elected monarchies and four republics. A Grand Council would supervise "all the civil, political and religious affairs of Europe", and Europe would be protected by an international police force whose composition was laid down in detail. Great Britain was to put up 24 ships, 2,400 foot soldiers and 100 cannons. It is interesting to think of that three hundred years ago, when now the Security Council is struggling to work out an international peace force.

In William Penn's plan he pictured a Diet of ninety representatives who would meet in a round room with "divers doors to come in and go out at", so as to avoid "quarrel for precedency". Voting would be secret ballot. He realizes that "the strongest and richest sovereigns will never agree" to his plan, but argued that the strongest is not stronger than all the rest. Also, he realized that he would be criticized on the ground that young men become effiminate if there is no war, but he argued on the other hand that youth should be given instruction in mechanical knowledge and natural philosophy: "This would make them men; neither women nor lions".

He was trying to think out all the advantages he could to get public opinion on his side and one of the reasons he put up was to save people money.

Then he had an idea that he might appeal to the more romantic side of human nature and he said if the plan were adopted that for the first time in experience, Princes would be able to marry for love and not state reasons. He recommended his idea to all men of good will but confessed the hope that "the honour of effecting so great and good a design might be owing to England."

Both Penn and his friend, John Bellers, were very critical of plans to exclude Russia and Turkey, and Bellers in his *European State*, put up at the same time, wrote as follows: "The Muscovites are Christians and the Mahometans men, and have the same faculties and reason as other men. They only want the same opportunities and applications of their understanding to be the same men; but to beat their brains out, to put sense into them, is a great mistake, and would leave Europe too much in a state of war."

That might be borne in mind by the people today who are talking a lot of nonsense about a "preventive war" against Russia.

Passing over the schemes of Saint-Pierre (1658-1743) of which Frederick the Great wrote cynically to Voltaire, "The thing is most practicable. The only thing lacking for its success is the consent of Europe", I come to Rousseau (1712-1778), who argued that the lasting peace of Europe can only be secured by "such form of federal government as shall unite nations by bonds similar to those which unite individuals and place the one no less than the other under the authority of the law". He also felt a very strong need for a police force which would be strong and firm enough to make it impossible for any member to withdraw at his own pleasure the moment he conceives his private interest to clash with that of the whole body", and which again is a pretty modern note.

Rousseau also gave some consideration to various European assemblies which had met from time to time. He said they have usually been occasions "where men lay their heads together to deliberate whether the table they sit at shall be square or round; whether the hall shall have six doors or five; whether one plenipotentiary shall sit with his face or his back to the window." Evidently they were having much the same trouble in those days as we have seen recently in the Security Council. That is not to say that no good can come from such meetings. He said, "It is possible that the members of one of these assemblies may, once in a while, be blessed with common sense. It is not even impossible that they may have a sincere desire for the general good."

Bentham, in his plan in 1786, attached much importance to a clause guaranteeing the liberty of the Press in each state. There was universal agreement that the Press should be free. The Press Table take note of that.

I also mention Kant's (1795) *Perpetual Peace* which included the interesting observation: "Since the rapidly spreading more or less close communion of the peoples of the earth has reached this point, that injustice in one place is felt by all, the conception of cosmopolitan law is not a fantastic extravagant idea of morality . . . it is a necessary supplement to the universal rights of mankind in general."

In other words, he preceded Mr. Wilkie's idea of "One World" by some one hundred and forty or fifty years.

Other men famous in this role are Leibnitz, Voltaire, Alberoni, von Lilienfeld, Cobden, Victor Hugo, whom your President quoted, Godin, Coudenhove-Kalergi and H. G. Wells, and I come to the latest one—what you might describe as "the Churchill initiative".

Mr. Churchill, after making two speeches on this subject got together an all-party Committee in Great Britain and we published a manifesto outlining the fact that we thought the time was very urgently ripe for the establishment of a United Europe. Then we had a very great meeting at Albert Hall and managed to get established an International Committee. There is a French Commitee under Mr. H'erriott. I think it has made a contact with a thing called the Van Zeeland, the Economic Committee. And finally, we had contact with the Federal Union group in Europe and Great Britain. Those four bodies: the Churchill Committee, the Herriott Group in France, the Van Zeeland Economists and the Federal people are now united in one Committee, and that Committee is arranging for a great Congress of Europe, to be held at The Hague on May 8th, when we hope to have on the platform Mr. Blum, Mr. Herriott, Count De Gasperi of Italy, Mr. Churchill, a number of other distinguished Europeans and a great body of delegates from the Western European countries.

All this is on the unofficial side. The object of that Congress is to arouse interest in the whole idea of a United Europe. In Mr. Churchill's own phrase, he wants "to set the prairie fire alight because if enough people want something in a democratic country and say it sufficiently vigorously you will always find the politician who will deliver the goods." In other words, the old idea of supply and demand works very effectively. That is our purpose now, to arouse interest.

I must have spoken now to three or four thousand people in Canada in the last eight days—three times in Montreal the day before yesterday and twice in Ottawa yesterday, so the idea is getting about of what we are trying to do.

Now, coming to the official side. On the official side, of course, the British Government, as you know, for a long time struggled to come to some agreement with Russia. Eventually they found it impossible so on January 22nd, Mr. Bevin got up in the House of Commons and made a speech which was a great change in British Government policy. He made it clear that the British Government was now backing the idea of some form of unity in Western Europe. If you examine the speech closely you find it doesn't come down to any very exact plan. In fact, Mr. Bevin made use of a good many phrases in the course of his speech. It was more an idea than a plan. It was a destination, not a description of the vehicle by which we were going to get there. Mr. Bevin's statement was a proposal for marriage, not a design for living. He made a rather remarkable statement that His Majesty's Government was now favouring "Western Union" which must have surprised many people on this side of the ocean. That was the idea—coming down to some form of Western Union.

The French people said, "What is the plan?" There was no very exact plan to give the French. Since then the Foreign Office has begun to work out a plan and the first idea is for a series of Dunkirk Treaties, tieing up the Western states. I am an adherent of Mr. Churchill's doctrine, that you shouldn't criticize your government away from home. I don't criticize the Labour Government at all—I am an Independent with rather leftish leanings—but I don't think the Dunkirk kind of treaty is good enough. It is a rather old-fashioned kind of Treaty and is based on the theory that the main purpose of all this coming together would be to guard against future German aggression.

I don't know if any of you have been to Western Germany lately, but it is very difficult to believe that for the next ten or fifteen years, Germany, even if she wanted to, can possibly attack anyone.

May I repeat that I was disturbed to see that one of the papers in Toronto reported me as saying that Germany was going to be the aggressor. I want to say I don't think Germany can be the aggressor in the next ten or fifteen years. I don't think it is a very constructive thing to build up the idea of a United Europe around the idea that there is a menace over there in Germany and we must have a United Europe to deal with that menace, but I do think Germany can be made of great use in this idea. One of the most important factors in European affairs at the present time is that German public opinion has begun to count. You may not think it ought to count. You may think it unfortunate that it matters what the Germans are saying and thinking. The Germans are a mass of people in the towns and cities in a desperate state, without hope, and in a very despairing condition, and men in that condition are an extremely ripe product for totalitarianism—either Communism or Fascism, if they haven't any hope.

My own personal idea is that the right way to deal with the German problem is to give the Germans hope of recovery inside a framework of some kind of United Europe. I am not suggesting, that the Germans whose political opinions I know, should at this stage in the proceedings walk right in on the level and sit at the top table. If you create some form of United Europe you have a framework in which Germany can work her passage back, and that is the most constructive hope you can give to them at the present time; the Germans, in West Germany anyway, are passionately hoping that something will happen in the way of a United Europe that they can join and in that framework work their passage back.

Then you have another consideration to take into account in all this and that is the Marshall Plan. That, of course, is another purposeful instrument which tends to bring about a United Europe and here again I am going to voice a word of criticism. As I understand it, the Marshal Plan will be administered from a different body, separate from the State Department. I am sorry to see that. I want the Marshall Plan to be State Department policy. In other words, as a European, and I will give my reasons in a moment, I rather want to have a little pressure from the United States of America, saying to the European countries, "Come on, we are doing a great deal for you and wouldn't exist without American aid. In return we expect you to come together and show a more co-operative feeling among yourselves." I would like to see some pressure put behind the European countries.

I have reason for saying that. Among my other activities I travel about the Continent of Europe in what you call a trailer, and I call a caravan, and I live in the villages and generally live on the countryside. It is my personal conviction that the masses of Europe, the people of Europe are far more ready for unity than perhaps the politicians will admit when they sit around their tables and see all the technical differences arise when trying to think out the United Europe. The ordinary masses of the people in Europe are terrified of a coming war, they are living under the shadow of another war before they have even got out of the chaos of the last one, they want hope and they are ripe for a big thing and I don't think if the politicians in Western Europe were to suddenly get together and make a big move toward a United Europe that they would have any trouble with their own people except from one body—the Communists. In all this business, to all this idea, they say that it is American

Imperialism. I am not in the least afraid of American domination of Europe at all. It depends what you mean by "*Europe*". To me, *Europe* means a way of life, it means culture, it means ideas, it is a whole conception of a design for living, and I am not in the least concerned about the Americans conquering that or Americanizing the European way of life. On the contrary, America has a great deal to give and teach Europe about the business of existence, but you must make a very careful distinction between the business of existence and the art of living. One is a means to an end, a very different thing. Americans can teach Europeans something about the art of living for which, I say, his existence is a means to an end.

No Englishman can stand in front of a Canadian audience without expressing to you the appreciation of the people in my country for all the help and assistance you have given us and are giving us. We know very well what you are giving for us and we very deeply appreciate it. You wouldn't expect me, as an Englishman, to stand up and hand out a lot of flowery bouquets. I say, Thank you, we know what you are doing for us and we deeply appreciate it. I really don't know that there is very much we can do in return, unless it is such small service as I am going to talk about in a moment. I did hear the suggestion from a distinguished meeting of Cabinet Ministers that you were short of vegetables, due to the restrictions, and if I can send over some sacks of Brussels Sprouts I will be very delighted to open up trade in Brussels Sprouts. That is about as far as I can go.

What I want to say, in all seriousness, you Canadians know full well the cost to your country in blood and wealth and life of the world-wars which have originated in a divided Europe. To help Great Britain at this time is I believe sincerely to help the cause of United Europe or such of Europe as we can unite—and time presses—the iron curtain has moved apparently a little further west since I first landed in this country—to help on that cause of a United Europe is I think to help on the cause of world peace.

In the few minutes that remain I want to tell why I am really in Canada. In Great Britain I am the Chairman of the Council and the Honorary Director of a Society called the Hansard Society of Canada. It was founded in 1944 in Great Britain for the very simple purpose, in those days, of telling the public they could read the reports of Parliament if they wanted to do so. Shortly after, I was in Canada, sitting at the feet of, may I say, one of the distinguished living Canadians, at present on my right, Dr. B. K. Sandwell, and I said "B.K., why don't you get a small group of Canadians interested to know they can read Hansard?" That is what he did and it was called The Friends of Hansard.

A year after we realized there was a much greater job to be done and that what is necessary is a full sized Parliamentary Committee to do everything for the Society that the Royal Institute of International Affairs does for foreign affairs, that the Geographical Society does for those who are interested in geography, that the Statistics Department does for those interested in statistics, and that the Zoological Society does for those interested in animals, and so forth—a full sized Parliamentary Society.

We formed it. I am not going to bore you with telling you the extraordinary progress made in Great Britain in the last few years. We published books, made documentary files, published pamphlets and films. We had enormous youth conferences and sold ten thousand tickets for one of the biggest halls of London. We publish a quarterly magazine. In fact, we are very active. We act as an information source to big business firms. A firm can ring us up in London and say, "What happened in debate the day before yesterday in the London Parliament?" It is our job to give the answer.

Mr. Sandwell and people associated with him wrote to me and said: "We also feel over here, with Democracy under fire as all over the world, that we ought to have a full sized Canadian Society."

I said, "You are absolutely right. My Council of distinguished people wrote a letter back and said that any help we can give you is at your disposal. It seemed very important that Canada, the senior Dominion should be the first to have a full sized Parliamentary Committee of its own.

I wrote to my Canadian friends and said, "If seventeen days of my life are any good to you they are at your disposal so I have come over to do that work in Canada.

We are setting up an office, and Mr. Willson Woodside will be the principal official of the Society that is going to be launched in a few days' time.

All I am telling you is this: when you get a communication from Mr. K. B. Sandwell, telling you what this is, just instruct your secretary, and make a note that it is not to go into the waste paper basket until you see it.

I am over here, frankly, for seventeen days to raise a reasonable sum of money from Canadians for this Canadian job. It is much easier for me, an Englishman to blackmail Canadians than for a Canadian. I am getting along quite nicely. I know there are a lot of tough people over here but I can be tough, too. This is a job I know Canada needs. Don't make the mistake of thinking it can't happen here. Don't sit down like sheep waiting—we have to hit back by ideas, and the first thing we have to do is show that our own people here and in Great Britain feel that the institutions of Canada and its democratic way of life is as much part of our lives as we feel the banking system is. I know perfectly well that we feel that the banking system is part of our lives and that we can't get along without it. So with the parliamentary system. It can only flourish if it is supported by a critical and informed public opinion and the function of this Society will be to do in Canada that task in arousing interest and spreading information about the institution of parliament, not only the Canadian Parliament, but particularly the Canadian Parliament.

That is why I am here in Canada, and I imagine I am just about at the end of my broadcasting time, so I shall say Thank you, and sit down.

"ATHLETICS AND PUGILISM IN THE ANCIENT AND MODERN WORLD"

AN ADDRESS BY

COMMANDER JAMES JOSEPH TUNNEY, U.S.N.
(Gene Tunney)

Chairman: The President, Tracy E. Lloyd

March 4th, 1948

Reverend Sirs, Distinguished Guests, Ladies and Gentlemen:

It gives me a great deal of pleasure to introduce to the Empire Club of Canada a distinguished visitor from the United States—Mr. James Joseph Tunney, familiarly known to the world as "Gene Tunney."

Mr. Tunney was born in New York, attending Lasalle Academy and for five years was with an Ocean Steamship Company in New York. Mr. Tunney served with the United States Marines in the Frst World War and in 1919 won the Light Heavyweight Championship of the American expeditionary forces at Paris and on September 23, 1926 won the Heavyweight World Championship from which he retired as undefeated world champion.

For the next twelve years Mr. Tunney was engaged in various business enterprises but resigned in 1940 to re-enter the service of his country and was appointed Lt.-Commander in the United States Navy to direct the Athletic and Physical programe and in 1942 was promoted to Commander.

Commander Tunney is a Director of the First Stamtor to Magazines—His articles featuring the building of sound bodies and clear minds in the youth of his country. It is also interesting to note that Commander Tunney wrote the article on boxing for the Encyclopaedia Brittanica. Our Guest of Honour is interested in the classics and was granted an Honorary Degree by Arnold College in 1942.

Commander Tunney is a Director of the First Stamford National Bank and Trust Company, Stamford, Conn., Industrial Bank of Commerce, New York City, Eversharp Inc., Denman Tire & Rubber Company, Michigan Chemical Corporation, St. Louis and as President of the Gold-Uranium Exploration Limited in Canada I would remind him of a quotation from one of his own articles—"Success is Won, Not Found".

Mr. President, Reverend Father, Members of The Empire Club of Canada: It is indeed a great pleasure for me to have this privilege to address you men. It is a great honour that you pay me. I am quite certain that those of my countrymen who are here feel as proud of it as I do.

It has been said by enthusiasts of athletics that you can measure the development of a civilization by its athletic programmes. Now, I am not as enthusiastic as that. But, I want to say that from the research that I have made on athletics that if I had to make a decision one way or the other I would have to say, on the basis of what I know, yes.

I never will forget my surprise, on going up the Nile, to find engravings on the temples of the 15th century B.C. of wrestling matches, boxing matches and cross sword games, also races of every kind, and then going back to the year 15 B.C. and comparing that civilization with civilizations of the times before and since. That is outstanding for that civilization produced the first monotheist known to history. Akhnaton, who as you fellows who know Egyptology will understand, was the father-in-law of Tut-ahnk-amen; was the first man to say "One God"; and the first man in the history of the world to pray to one God. He wrote songs and poems, many of which were picked up by subsequent poets and psalm writers of Judaism.

Then to go back to the Golden Age of Greece and before the Golden Age and back to the beginnings of the Olympic era, 770 B.C.: An athletic carnival was looked upon, at that time, as a religious festival and no man could participate in the carnival or in the games who had any blemish on his escutcheon in the way of immorality or a bad reputation for unlawful acts. As a matter of fact, before a participant was accepted by the Committee to represent the town in the Olympic Games a crier would go out and ask whether there was anyone, somewhat as we do now in the case of a church marriage, who had any knowledge that would reflect upon the athlete's character because that individual was to take over a great responsibility which might bring dishonour upon the town or village. The man who had no marks against his record was the only kind of person acceptable to the Olympic Committee. That was in 776 B.C. and the practise continued for four or five centuries. History tells us that boxing was adopted a period known as the third Carnival, Carnivals being every four years. That would be about 668 B.C., and they continued boxing in the Olympics up to the time of its demise during the Roman period.

Boxing started with leather thongs and stayed that way among the Greeks until the sport was picked up by the Romans. They were even more blood-thirsty and, accordingly, studded the leather thongs with pieces of brass, iron or nickel. In the days of Roman games one blow was quite sufficient. You had no more interest in life after receiving it.

But we know that the Greeks contributed a great deal to the culture of the world. They certainly contributed a great deal to the thought of the world when we remember the great philosophers. That was the era of Pericles, Socrates, Aristotle and Plato—all about the same generation. They gave to the world ideas that are still good, logic that is acceptable to the highest form of intellectuality. They gave beautiful art. Unfortunately many paintings have been completely destroyed. Has anyone ever seen a poor piece of Greek sculpture? I never have in any part of the world where I have travelled. And I can think of no other civilization having done so much for the athlete by making him immortal in stone and bronze. No other generation did so much for the development of the intelleect and spirit as the Golden Age of Greece under Pericles.

Today, the modern world has the Olympics back—I think it was 1888 that a Frenchman revived the idea of the old Olympic Games. His thought was to bring peace into the world, and instead of people combatting each other with munitions, that they would combat on the athletic field.

It was a grand and noble ideal that hasn't worked out quite that way. As a matter of actual fact,—you will find more battles between the athletes in Olympic Games these days than you will between statesmen. I just was reading what some vandals did to our bobsleds in Switzerland. I know the Swiss are very sportsmanlike people. I dare say every group of athletes, no matter what nationality, that I have met in my travels around the world have been great sportsmen. But some vicious vandals get in somewhere and do dirty work at crossroads. That, however, cannot be attributed to the ideal sportsman. As a matter of fact, quite the opposite holds true.

Now, we come to the influence of athletics upon the civilization of our modern times. I am always reminded that the real spirit of the athleticism of the Greek era was picked up by England, and that England was the cradle of modern athletics and is, certainly, the cradle of modern boxing. All that we know about sportsmanship in modern athletics we gained from England. All that we know of the amateur approach to the sporting field also, came from England.

One of the things that encourages me about the eternal life of England is the spirit that the English people put into athletics, boxing, and even statesmanship. Their approach is always the approach of fairness and sportsmanship and I, who am American of pure Irish extraction, am perfectly to be first to say so.

I go back now for a moment to the year 1890, when one of the noblest figures—well, one of the most notorious figures—of our sporting world, a man whose name is magic even today, though he has been dead many years since—thirty years to be exact—John L. Sullivan, visited England. It was Sullivan's first trip over. Arthur Brisbane was a young reporter in London for the *New York Herald* at that time. Having a great sense of news Brisbane cultivated Sullivan and attached himself to him.

On the afternoon of the arrival of Sullivan, James Smith, who was then heavyweight champion of England was giving an exhibition at St. James Palace for the then, Prince of Wales who later became King Edward VII. The Prince was a great sportsman.

Sullivan was invited. The invitation had been sent to the hotel by the Equerry of the Prince of Wales. Sullivan went. But at the instigation of Arthur Brisbane, he said, "I have a friend with me and unless he come in I don't go in." He was most imperious. There was a conference inside the Palace. Presently word was sent out that it was perfectly all right: "If you have a friend, that is fine, bring him in."

So, in went Arthur Brisbane with John L. Sullivan. (This is Brisbane's story, told me by that great newspaperman personally.) The first thing that happened was that Sullivan was taken over to the box in which sat the Prince of Wales. Brisbane right along with him. He was presented to the Prince of Wales, who very graciously stood up and said: "Mr. Sullivan, I am delighted to welcome you to England, and I am particularly delighted to welcome you to St. James Palace. You know, Mr. Sullivan, your fame has gone before you. You are a very famous man and we hope you find our England all you expect."

Sullivan said, "Why, Prince, that's all right. You're famous, too. I've heard of you many times."

When Sullivan was introduced to the crowd he was expected to take a bow graciously and get out of the ring. But getting into the ring he yelled out—he had a very deep voice—he yelled out, "I just got off a boat. . . . . . If I don't lay out your Jim Smith . . . . . I will go back on the first boat."

That was John L. Sullivan bringing American culture to England.

There is another story about John L. Sullivan which I think you would enjoy hearing. Subsequent to his losing the championship to Jim Corbett in New Orleans in 1882, Fitzsimmons and Corbett were matched to fight in Reno or Carson City, Nevada, on March 17, 1896. A newspaper man who was Editor of the old *New York Morning World* at that time, got the idea it would be nice to have Sullivan go out to Nevada and cover the activities of the training camps for the sports enthusiasts and boxing fans of New York. So he wired Sullivan in Boston to come down to New York. There he told him the proposition and Sullivan agreed:—"Yes, I will take it." Transportation was arranged and the Editor thought that this being the first time this had ever been done it was important enough for him to go with Sullivan. He would go out and see that Sullivan landed there safely and then come back. In those days when you left New York for Carson City, Nevada, you changed trains maybe six or seven times. Always at these stations there would be a crowd around, because the great John L. Sullivan was coming through, and some vulgar person would yell "Speech".

That was all John needed. He would say: "Ladies and Gentlemen: It is fine of you people to come down here and greet me in this fair town of yours today. I hope I will be as deserving of your approbation in the future as in the past. Yours truly, John L. Sullivan."

When the Editor got back to New York he went over to a luncheon club that only newspaper men attended, the Park Row, and they started ribbing him about Sullivan. They said, "Just how did he act?" The Editor had a dry sense of humour said, "Oh, as was his wont, after the manner of a Roman Emperor, worried with the adulation but willing to bear it for the people's sake."

Boxing has come along a great way since those days. Fortunately, we have had some very fine examples of manhood to claim and win the heavyweight championships. I know that you—I think it was from Calgary, Alberta—sent a young man I believe named Noel Brusseau who later was know as Tommy Burns to claim the heavyweight championship of the world. I heard all about this in Sidney, Australia, the last time I was there. It took place in Sidney. Jack Johnson defeated Tommy Burns in fourteen rounds. Burns made a very creditable showing. It was almost certain that Johnson was going to win. The police stopped the contest to save Burns from further punishment.

Johnson was a rather poor example of a great athlete in his personal conduct, but then Jess Willard came along and defeated him, honestly and fairly in Havana.

And don't let anybody tell you the story that Johnson laid down. Nobody goes twenty-six rounds in the open air in the hot Cuban sun of summertime if he intends to lie down. He will decide a little earlier in the match. Johnson fell from exhaustion. He was an old man. He had been wined and dined in every capital of Europe. It was said that he never went to bed without two quarts of wine in his system. You can't do that and be a heavyweight champion. Willard was a fair champion.

He met a young man named Jack Dempsey in Toledo. I was in France at the time and I was pulling for Dempsey even then. Dempsey, I think on that occasion displayed the greatest destructive exhibition of prize fighting ever seen.

Next to that comes Joe Louis' annihilation of Primo Carnero who was 260 pounds against his 198.

After Dempsey came this fellow who goes around talking about athletics in ancient and modern times.

Then we have had a series of other fighters, all of whom gave good accounts of themselves, each and everyone. So they raised the standing of boxing as a social avocation. And now we have Joe Louis who, in my opinion, is the greatest fighter of his time, probably the greatest fighter of all time. He is a credit to his race. He is a credit to his country and has deported himself creditably in his profession and as a patriot.

There is a question in my mind—I must say mine is the professional attitude—whether Louis could have beaten Dempsey. Frankly, I don't think so. I think that Dempsey would have won from Louis because of his style. I think Louis' record is far better than Dempsey's but Dempsey was fast and when he hit, instead of becoming confused he was a ferocious tiger. When Joe Louis is hit and hurt he gets confused. That is what would have decided the contest. Dempsey would be sure to hit Louis. Dempsey's blow would have a most telling effect on Louis. Dempsey could take more, and when Louis got confused that would be all Dempsey needed because he never lost a second in ending a fight as fast and as quickly as possible.

Now, there is so much more I could talk about, and I could go on and on, meandering along, but before it gets too late I want to again say to you people that I am complimented, and how sincerely I appreciate your invitation to talk to you today. Some time again I hope to have an opportunity to tell you about the things that go to make an athlete and a fighter, a boxer, with those qualities of the spirit called courage, gameness and sportsmanship, but that is another long talk that I will give another time if you invite me back. Thank you.

(Applause.)

The thanks of the meeting was expressed by Mr. H. B. Greenway, Executive Commissioner of the Boy Scouts.

"A NEW LOOK AT CANADA"

An Address By

THE HON. CHARLES ABBOTT, K.C.

Chairman: The President, Tracy E. Lloyd

Thursday, March 11, 1948

Before introducing the speaker the Chairman made the following remarks:

On February 23, 1939, Mr. Jan Masaryk addressed our Club on "Conflicts of Doctrines in Europe". Many will remember him as with Mr. J. P. Pratt, K.C., in the chair—a young lady offered bread and salt to Mr. Masaryk—following a custom in Czechoslovakia.

Last year your Club invited Mr. Masaryk to come again if he could leave his duties at Lake Success for a day and he phoned your president thanking them for this further invitation and recalling, with pleasure, his visit to our Club but stated he was unable to come at that time but would—at a later date.

I know I express your thoughts when I say we regret his passing and this further tragedy in Europe.

DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

The Empire Club of Canada is honoured today in having as its guest and speaker Canada's Minister of Finance, the Hon. Douglas Charles Abbott, K.C.

Mr. Abbott was born at Lennoxville, Quebec, and before he was eighteen years of age served in France with the Seventh McGill Siege Battery as a signaller and before the end of World War I was commissioned in the Royal Air Force.

After returning from overseas, our guest of honour entered the Faculty of Law of McGill University, graduating with the degree of Bachelor of Commercial Law. He returned to France and enrolled at Dijon University to study Roman law on which the Quebec Civil Code is based. He then practised law in Montreal and was created a King's Counsel in 1939. In 1940 Mr. Abbott was elected to Parliament in the St. Antoine-Westmount constituency which never in its history had returned a Liberal candidate, and he was re-elected in 1945. He, no doubt, agrees with what Plato said about "Democracy which is a charming form of government, full of variety and disorder, and dispensing a sort of equality to equals and unequals alike".

In 1943 Mr. Abbott was appointed Parliamentary Assistant to the Minister of Finance and was particularly responsible for the administration of the Wartime Prices and Trade Board and, subsequently, put through the House of Commons the estimates for the Wartime Prices and Trade Board and piloted the Bill to establish the Industrial Development Bank.

In 1945 Mr. Abbott was transferred to the position of Parliamentary Assistant to the Minister of National Defence and was also named Minister of Naval Service in April, 1945, and four months later assumed the dual portfolio as Minister of National Defence. In December, 1946, the Prime Minister announced Mr. Abbot's appointment as Minister of Finance, and he has faithfully carried out what Henry Clay said over a century ago that "Government is a trust, and the officers of the Government are trustees: and both the trust and the trustees are created for the benefit of the people".

Mr. Abbott has lectured in Law at McGill University and has taken an active part in the McGill Graduate Society and speaks French fluently.

At the close of our meeting a week ago when I stated that the Minister of Finance would speak to us today, my announcement was particularly well received, possibly to some extent, by the fact that I said "Some day the Minister of Finance will tell us what we are waiting to hear". Now, that may not be today, but nevertheless, I would urge our guest to remember that Lord Macauley said that the best Government is the one that desires to make the people happy, and knows how to make them happy.

We welcome to Toronto and to the Empire Club the Honourable Douglas Charles Abbott, K.C., who will now address us.

Mr. Abbott:—

Somewhere in Ecclesiastics there is a verse which reads, if I remember correctly:

> "Now let us praise famous men,
> And our fathers that begat us."

That, it seems to me, is a salutary injunction to which we pay too little heed in this modern Canada of ours. We need frequently, so thought this wise man of the East, to take our minds away from the petty details of our busy lives and to contemplate the deeds of great and noble men. If we think too much of little things, of petty things, or sordid things, we tend to harden our cast of thought in that direction. On the other hand, if we study the lives of great men, examine their springs of action, measure the greatness of their deeds, if, in other words, we raise our eyes to contemplate the stars, we are apt to get a new perspective, a new orientation, a new inspiration which may transform the day's routine and double our accomplishment.

Mr. Chairman, it is far from my intention to preach a sermon, but it did seem to me that there was a broader application of this ancient precept which might solve for me the perplexing problem of finding a subject for this address. If I mistake not, we Canadians have of late been over-busy with the petty details of the many economic and political problems that beset us in this troubled and uncertain world of 1948. We have, I fear, begun to think too much about our *problems* and too little about our *achievements.* Some of us are probably spending too much time in worrying and criticising and backbiting and not enough in constructive thinking and co-operative action. We have been tending to get our sights out of focus. We need something to restore our perspective.

If you will permit me, therefore, I would like today to direct your attention away from the problems and the details of the present to the record of Canada's growth as a nation in the last few years. I would like you to come and take a new look at Canada. I shall ask you to look at that record in broad terms—in the terms that in my judgment are of greatest significance for the Canadian People as a whole.

In so shaping my address as to emphasize the broad achievements of the recent past, I hope I will not be accused of any Pollyanna optimism. No one is more conscious than I am of the failures of the past and of the difficulties and dangers that now confront us. Indeed, perhaps no one has done more in the recent past to direct the public mind to our current problems. Today, therefore, I attempt a more pleasant task—at least for me.

The growth or achievement of a nation can be judged in many ways, but I suggest that the essential tests are these: First, is it increasing its strength as an economic unit? Has it shown itself capable of expanding its production and its productivity, thereby providing a rising standard of living for the mass of the population? Second, what about its achievement from the social point of view? Is it making reasonable progress in providing its people with the services and the forms of security they consider important? Third, is it showing capacity for growth as a political organism? Is it performing its political functions with increasing effectiveness? Are the political ties that bind the people together being strengthened? Finally, is it growing in stature as a nation among the nations?

Let us apply the first of these tests to Canada. Are we increasing our productivity and our production? Is the standard of living of our people rising?

The best measure of this is the national income, the aggregate of all the incomes earned by Canadians. Look back ten years to 1938. In that year the net national income was just under $4 billion, and, of course, it had been much smaller than that in the early 'thirties. For the year just past—1947—the preliminary estimate is $10.7 billion—exceeding the best of the war years by over a billion dollars. After making allowances for price increases during the intervening years and for population growth, it is safe to say that the average Canadian today enjoys a standard of living at least half as high again as he did before the war, and a good deal higher than at any time in the past.

Equally important to the economic strength and solidarity of the nation, the benefits of rising incomes have been widely distributed. The net income of farmers and other unincorporated businesses, chiefly the former, rose from $800 million in 1938 to $2,467 million in 1947; and salaries, wages and supplementary labour income, taken together, from $2,476 million in 1938 to $6,125 million in 1947.

We are better off than we were ten years ago partly, of course, because nearly everyone who wants a job is working. There are no completely reliable figures of the numbers unemployed in 1938, but I am told that those out of work in that year probably exceeded 400,000 out of a total working force of 4,400,000. In addition, there was at that time a good deal of hidden unemployment, represented by workers on short time and by under-employment of various kinds. By way of contrast, when the latest figures were gathered early in November last, less than 90,000 Canadians out of a total civilian working force of some 5 million were looking for jobs.

The disappearance of unemployment, however, does not account by any means for all the increase in national income. There has also been a very substantial increase in productivity. I am sure you were all impressed, as I was, by the way our farmers responded in wartime to the call for greater production, how year by year they surpassed their previous records, even though thousands of their sons and daughters joined the forces or entered war factories. In many respects that was a superhuman effort by men and women who put duty to their country before personal needs and desires. But it was also a demonstration of the advances that have been made in recent years in farming methods and practices. Our farmers have shown that they are capable of greater output than ever before.

I do not need to tell a Toronto audience about the remarkable strides that have been made in the industrial sectors of the economy during and since the war, for in this city, and probably in this very audience, are to be found many who have provided the leadership and taken the risks. Into four or five years of war, we concentrated an expansion in industrial plant and equipment that would normally have required more than a decade to achieve. We enormously diversified our productive mechanism and, what is more important, we found that we could make the most complicated types of equipment efficiently and in most cases as economically as any other country. We became one of the chief arsenals of democracy and we feared that when the war was over, we might be left with a huge area of vacant factory space and a large amount of idle equipment. But that is not at all what happened. On the contrary, our business men found it *possible* quickly to convert the wartime industrial capacity to peacetime uses, and found it *necessary* to increase enormously their investment in plant and equipment. I am astounded at the information I receive as to the plans that are still under way for further expansion and improvement. Before the war business enterprises were investing in new construction, equipment and machinery, apart from housing, about $400 million per year. Last year they invested in the neighbourhood of $1½ billion, and, if they carry out their present intentions, the total in 1948 may reach $1¾ billion.

From the point of view of our dollar position and because of its general inflationary effect, it would be better for everyone concerned if the program of capital expansion and improvement were spread over a longer period, and I am hopeful that this will be one of the results of the dollar-saving plan. But there can be no doubt that as the new plant and equipment get into production, Canadian industry, already endowed with new skills and improved "know-how", will be in a position to achieve even higher levels of output.

At this point may I pause to record one of the most striking impressions received by my officials and myself as a result of our experience with the dollar-saving program. No one regrets, more than I do, the necessity for the interference with normal business routines and business plans which that program has involved. However, a reassuring aspect of this program is not merely the co-operation which we have received from business generally but the ability of Canadian industry to adapt itself to the changed situation and to find new materials or new markets where it is necessary to do so. I had expected a measure of this capacity in the case of the larger industrial corporations but what has surprised me is the number of small concerns that have found it possible to market at least some of their products in the United States. This and other developments give encouragement to the view that if all concerned make a wholehearted effort to achieve the objective at which the program of my colleague, the Minister of Reconstruction and Supply, is aimed, we will be able to sell more of our manufactured products, as well as our primary products, south of the border and thus help to attain that better balance in our exchange relations with the U.S. which is imperative.

May I add another word which will not be news to this audience. What I have in mind is the fact that very big things are under way in the development of our natural resources. We have all been heartened by the very significant oil discoveries in and around the Leduc field in Alberta and one does not need to give much play to the imagination to visualize the transformation which will be wrought in the economy of Western Canada if further exploratory work and drillings continue the record of success so far achieved. I can only mention the exploratory and developmental work which is planned for or actually going on in the Northwest Territories, in Labrador and the lower St. Lawrence, and certain other parts of Canada where enterprising men seek to unlock the hitherto unknown treasures of nature or to turn into productive use and into dollars materials that were formerly going to waste. Mr. Chairman, I verily believe that we are on the threshold of really great developments—on the verge of a new dynamic era in our country's history which should lead to a further tremendous expansion in our production and economic power.

By any standard of measurement, then, Canada has grown as an economic power. Indeed that growth has been phenomenal. In physical terms this growth has nearly doubled our production. It has placed Canada third amongst the trading nations of the world. It has given her people a standard of living surpassed only by that of our good neighbours to the south.

It is obvious that this growth in economic power has made possible, and natural that it should have brought with it substantial achievement in the second of the two fields to which I have referred. During the last decade Canada has made rapid strides as a social organism, that is to say, in assuring to its people reasonable standards of social well-being. Educational facilities and services, general and vocational, have been vastly improved and extended and in this connection may I suggest that we should not underestimate the future effect upon our national life of the educational opportunities offered on such a comprehensive scale to our veterans and accepted by them with such avidity and such industry and success. In health, recreation and other community services, we have also made progress. In housing as well, though here acute shortages of materials and skilled labour have made it difficult to keep up with the demands of a rapidly rising rate of family formation and a rapidly rising standard of living.

We have also made progress towards the attainment of a greater measure of social security. In this field perhaps it is natural for a Minister of Finance not to be unduly sentimental but to appraise results in terms of the extent to which a program of this sort strengthens the economy, increases production by assuring a more intelligent and more healthy population, lessens the haunting worry of unemployment and family illness that might otherwise impair morale and productivity, makes systematic provision in advance against the inevitable contingencies and to that extent makes it unnecessary when adversity comes for the state to step in with improvised and expensive construction or other remedial programs. Inevitably there will be differences of opinion in regard to such matters and progress can only be permanent if the steps taken carry the general judgment. Advances in social welfare involve a price, and willingness of society to pay that price must be a condition of such advances.

In our federal state, responsibility for social security is, of course, divided between the provinces and the central government, and it has been the aim of the Government with which I have been associated to promote the maximum degree of co-operation between these two levels of Government. In August, 1945, the Dominion Government put forward proposals which assumed a broad federal responsibility, in co-operation with provincial governments, for the support of national minimum standards of social services. Unfortunately, it did not prove possible to achieve agreement of all provinces on the financial arrangements which was a necessary condition to the acceptance by the Dominion of these added responsibilities.

Nevertheless, even though progress has not been as rapid as some might have wished, it has nevertheless been substantial. We are inclined to forget that, apart from Old Age Pensions, the important national instruments of welfare policy are less than ten years old. Unemployment Insurance dates from 1940. The first Family Allowances were paid in July, 1945. Within eight years, therefore, the prospect of the "dole" has been banished from the minds of many tens of thousands of workers who have now been able to accumulate the right to receive payments over a substantial period in the event of unemployment, and the principle has been accepted that children are a national asset in which we can afford to invest on a substantial scale.

Much remains to be done. I should like to see improved health services and a better system of old age pensions, but these are matters which involve the provinces as well as the Dominion, and I cannot say when the difficulties that stand in the way of the required co-operation will be overcome.

The third test—the test of political unity, of growth in our efficiency as a political organism—is the most difficult to apply, for it is intangible, a thing of the spirit which cannot be measured or counted.

"Canadian statesmen", says Professor Lower in his stimulating book "Colony to Nation", "accomplished one of the greatest acts of state-building in history, when in 1867 they brought together scattered provinces and two peoples into one country. Though the extremists would more than once have wrecked it, the structure built has never failed in crises to rally to it the support of moderate men from both races. It has stood through the storms of two world wars. In every generation Canadians have had to rework the miracle of their political existence. Canada has been created because there has existed within the hearts of its people, a determination to build for themselves an enduring home. Canada is a supreme act of faith".

Yes, the founding of Canada was a supreme act of faith and I suggest to you today that the faith of our fathers is being justified in this generation. A nation has emerged, distinctively Canada, not just a group of provinces or a group of peoples united for certain common purposes. We have had our domestic squabbles, bitter at times as family quarrels frequently are, but we have emerged from the second World War with our unity strengthened by working together in a cause greater than ourselves, with a new sense of pride in a great achievement and a deepened consciousness of the glory and the responsibilities of the common destiny that we are to share. I know that there are some who would exploit the differences between the provinces and the racial groups for their own purposes, but can anyone who witnessed Canada at war or who mixes, as I do, with people from all parts of the country really doubt the existence of a common Canadianism?

In my opinion, the essential political unity of the country has been immeasurably strengthened by the enhanced ability of the provinces as a result of the new tax rental agreements to discharge the functions allocated to them under the British North America Act. There were some who contended that in putting forward its financial proposals to the provinces the Dominion Government sought to bring about greater centralization. Nothing could be farther from the truth. Our aim was to strengthen the provinces financially and to make it possible for all governments to discharge their responsibilities adequately and efficiently.

While, as I have said previously, we did not achieve complete success in our initial efforts, nevertheless I believe that at least we have made a major contribution to the political and economic unity of the country by underpinning the financial resources of seven of the provinces, those provinces which were most vulnerable to the strains of economic adversity. There is a good deal less danger now of finding the country in time of difficulty divided as it was during the thirties into "have" and "have not" provinces, with the inevitable disastrous effects of such cleavage upon the economic, social and political fabric. Indeed it is probably no exaggeration to say that at no time in the past have all governments in Canada, Dominion and provincial, and municipal as well, been in better financial condition on the whole and better able to meet the adverse contingencies which economic change may bring.

I come now to the fourth and final of my four tests—our position in international affairs—as a Dominion in the Commonwealth and as a nation among the nations.

Here the transformation in a few years has been profound. Within the Commonwealth we have earned the title of senior Dominion, not simply because of our age, but rather because of our economic strength, the part we have played in winning the war and the leadership we have shown in helping to solve the problems of the post-war world. In the broader sphere of world affairs, we have earned a position, if not among the great powers, at least as a leader of the so-called middle powers, and, while a Canadian is reluctant to claim credit on behalf of his country, I believe we have been able to influence the course of events along constructive lines and enjoy a respect among the nations exceeding our political importance.

If we do enjoy that respect, it is because other nations see Canada not only as a nation of great and growing economic strength but also as one which has shown integrity and competence in its economic dealings. They recognize our bona fides and have learned to expect from us capacity in dealing with technical problems and in the art of government. This is not an accident. Canada's not inconsiderable role in two world wars has been played, not out of thought of territorial or other selfish gain but because we realized, either instinctively or consciously, that freedom and the integrity of our way of life were at stake. We have been willing to do our share in shouldering the post-war responsibilities which membership in a "one-world" system entails, as we believe. We have contributed to the relief of world distress and, in proportion to our size and resources, have done at least as much as any other nation to promote by way of loans the economic restoration of the war-ravaged countries which were our good customers in the past and are expected to be so again—we expect to continue this assistance in future to the extent that we are financially able to do so. We have striven to preserve the peace and to promote better political and economic relations. We have sent of our best to represent us in the deliberations of international conferences and the contribution which these representatives have made to the smoothing out of difficulties, the elimination of distrust and suspicion, the better understanding of technical problems and the ingenious contrivance of co-operative solutions has won the plaudits of competent observers from every land.

Mr. Chairman, I trust that it may not appear to be boasting, if I suggest to you that when you wish to deepen your pride in Canada, all you need to do is to talk to the public men, the officials, the ambassadors of other countries, or better still, visit a few sessions of an international conference and see for yourself the role played by your own country's representatives and the respect in which they are held by their confreres. You will, I am confident, be thrilled and heartened as I have been after such experiences.

This is a time, I believe, when it really does us good "to see ourselves as others see us". We need faith and confidence and courage, for we are at a critical point in the world's history and a transitional point in our own history. If my address has emphasized achievements, it is not as I have already said because I do not appraise at their true worth the failures of the past and the difficulties of the present. We live in a world perhaps as full of difficulties and dangers for any country as history records. We have also our own special difficulties. We have an exchange problem which has demonstrated once again how vulnerable our economic position is in its exaggerated dependence upon the U.S. for materials and equipment and upon Western Europe for markets. We have reached a stage in our national development when we must reduce this dependence and begin the building of a more virile and independent economy of our own. In a world flooded with the tides of war and post-war inflation, we have been able to minimize but not to avoid altogether the effects of that poison. We must continue our endeavours to avoid the worst distortions and dislocations which unchecked it tends to produce. We have still unsolved some of our political and governmental problems.

Certainly this is no time for complacency. I am equally sure that it is no time for crying blue ruin. We need to be told wherein we have failed—and in this vigorous democracy there will not be lacking those only too anxious to do so. But we need also to be told occasionally that progress has been made, that we have within us the capacity for growth and even I suggest the capacity for greatness. Confidence born of achievement, courage that springs from faith in a great destiny—these are what we need to bring from our people that maximum co-operative effort which will assure such destiny.

"THE CANADIAN ECONOMY AND ITS INTERNATIONAL ASPECTS"

AN ADDRESS BY

ROBERT P. JELLETT

Thursday, March 18th, 1948.

March 19th, 1948.

REVEREND SIR, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

It is an honour to introduce to you, today MR. ROBERT PATTERSON JELLETT, President, The Royal Trust Company, Montreal. Our Guest of Honour was born in Ontario and educated at Trinity College School, Port Hope, and is now a member of the Board of Governors of that well known College.

Our guest commenced his business career with the Bank of Montreal and 46 years ago joined the Royal Trust Company and in 1912 was made Assistant Manager and Superintendent of Branches. Later he was appointed General Manager and in 1943 appointed President of his company.

Our guest is a past President of the Montreal Board of Trade and past President of The Canadian Chamber of Commerce and he led an important delegation from The Canadian Chamber of Commerce to the Tenth Congress of The International Chamber of Commerce in Copenhagen in June, 1939.

Our guest and speaker has devoted much of his time to welfare and charitable organizations and is Chairman of the Board of Governors of the Welfare Federation—a Life Governor of the Montreal General Hospital—Honorary Treasurer of the Art Association of Montreal and throughout the war was active in War Savings Committees and Red Cross Campaigns and many religious and charitable institutions.

Before calling on MR. JELLETT, who will address us on the subject: "THE CANADIAN ECONOMY AND

ITS INTERNATIONAL ASPECTS" I would remind him that Viscount Morley, English writer and philosopher, stated nearly a century ago in writing of Richard Cobden, English statesman and economist—I quote: "Great economic and social forces flow with a tidal sweep over communities that are only half conscious of that which is befalling them. Wise statesmen are those who foresee what time is thus bringing, and endeavour to shape institutions and to mould men's thought and purpose in accordance with the change that is silently surrounding them!"

I have a great deal of pleasure in introducing to this audience MR. ROBERT PATTERSON JELLETT.

MR. JELLETT:—

REVEREND SIR, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

The title I chose for my address is, "The Canadian Economy and Its International Aspects". That is what I intended to speak about but as I worked on it I found so many other things of deep interest—to me at least—that you will find me ranging over a wide field and not confined within the limits of this title.

We are fortunate in the importance in world affairs which is held by Canada as a substantial part of the British Empire.

We are also fortunate in that the development of our resources and our foreign trade has enabled us to enjoy, with the United States, the highest standard of living in the world.

In discussing our economy I shall first speak of the public debt and taxation.

THE NATIONAL DEBT

The net debt of the Federal Government at 31st March, 1939, the end of its last fiscal year preceding the Second World War, was $3,152,560,000.

During the war years the debt necessarily increased tremendously. It multiplied more than four times over, rising from $3,000,000,000. to $13,000,000,000. last year.

In arriving at these figures I have accepted what the Government describes as "Active Assets"—$485,000,000. in 1939—$5,971,000,000. by the end of the war—as being worth their face value, but I'm very sceptical as to their realizability.

(The total public debt disregarding these assets was $3,638,321,000. in 1939 and $19,005,656,000. by the end of the war—increased by five times.)

We have come to deal with such huge figures that one is apt to find them difficult to handle. You know a Prince Edward Island girl was sent to Halifax to take singing lessons and word came back that she was making a name for herself. She returned to the Island and a concert was held in the church hall so that she could display her talent. It was well attended and the local auctioneer, who was full of words, acted as chairman. He opened by saying that they were gathered together to do honour to Mary after her triumphs in Halifax, and that she had kindly consented to sing "Ten Thousand Times Ten Thousand". The accompanist played the opening bars and Mary started but when she came to the high note she couldn't make it and broke down. The auctioneer was on his feet instantly and explained that Mary was nervous singing before the home folks but that she could sing it easily enough and would now do so. The accompanist began again and Mary tried and failed. This time the chairman said that this was quite extraordinary but that he was sure she would get through it all right if they gave her a little rest so they went on with the rest of the programme and finally he announced that Mary was now rested and would sing "Ten Thousand Times Ten Thousand". I am sorry to say that she again failed and before the auctioneer could say anything further a youth at the back of the hall called out to him "Why don't you start her at Five Thousand?"

TAXATION

Next I think we might have a look at the amount raised by the Dominion through taxation.

For the year ended 31st March, 1938, it was $448,652,000.

For 1946, $2,274,858,000.

For 1947, $2,458,520,000.

In the 1938 fiscal year we were able to run the country on $534 millions.

In 1946, it took $5,136 millions, including war expenditures.

In 1947, $2,632 millions.

ESTIMATED SURPLUS

In spite of this Canada had an estimated surplus of $646 millions for the nine months to 31st December last, which may well be increased to $850 millions or better by the end of the current fiscal year on the 31st of this month.

FUTURE TAXATION

One naturally hopes for a great decrease in public expenditure now that we have a kind of peace or at least a cold war instead of a very hot one although reading Hansard one finds almost constant suggestions which, if accepted, would involve the Government in further heavy expenses. We have had some relief in taxation and may hope for more but we can never get back to anything like a pre-war basis. We have to service our great debt and the Government has in the meantime embarked on such a vast social programme—such an arbitrary forced sharing or redistribution of wealth through taxation—that our tax load will always be burdensome. No government having embarked on schemes of social benefits to a large portion of the population is ever likely to face a serious downward adjustment of such benefits.

GOVERNMENT LARGESSE

In the Analysis of Income and Expenditure published by the Dominion Bureau of Statistics for the years 1938 to 1946, transfers to persons from Government, that is government payments to persons for Family Allowances, War Service Gratuities, Re-establishment and Re-habilitation Grants, Pensions, Relief, Mothers' Allowances, Prairie Farm Assistance and Grants to Charities, etc., in fact money given away, amounted in 1938 to $216,00,000.; in 1946 it had risen to one billion dollars. This added to interest on the public debt will give you some idea of the money that must be raised by taxation, and why we cannot hope for a return to even comparatively low taxation in future.

Our Foreign Trade is my next topic.

Shortage of U.S. Dollars

The shortage of United States dollars is a world problem. So long as the exports of the United States annually exceed imports by some $12,000,000,000. the world will be short of United States dollars to that extent. So long as the United States has a "favourable" balance with the world of 12 billion dollars, the world, ex the United States, must have an "unfavourable" balance with the United States of the same amount.

Canada-United States Trade

For 1947 Canada's imports from the United States amounted to $1,974,679,000., and her exports to that country $1,056,579,000., showing an adverse balance of $918,000,000.

The December debit balance against Canada was down to $34,000,000, from that in November of $79,800,000. 000.

The chief imports were:—

Metals, minerals and their products	$826,000,000.
Agricultural and vegetable products	156,000,000.
Papers, textiles and their products	140,000,000.
Chemical and allied products	84,000,000.

While our chief exports to the United States were:—

Wood, wood products and paper	448,000,000.
Agricultural and vegetable products, animals and animal products	312,000,000.
Non-ferrous metals, non-metallic minerals and their products	134,000,000.

Canada-Great Britain Trade

The figures for Canada's trade with Great Britain in the pre-war year of 1938 as compared with 1946 were as follows:—

Exports to Great Britain (1938)	$409,412,000.
Imports from Great Britain	145,009,000.
Net Credit Balance	$264,403,000.
Exports to Great Britain (1946)	$597,506,000.
Imports from Great Britain	201,433,000.
Net Credit Balance	$396,073,000.

A gain of $132,000,000.

It used to be our practice to pay the balance owing to the United States in dollars, with Sterling owed to us by Great Britain, Sterling being then readily convertible into dollars.

Settlement of Trade Balances

Under conditions such as those which existed before the first war, and to some extent between the two wars, Canada was able to balance her international position so long as world trade was largely unrestricted and national currencies exchangeable and convertible on some recognized and reasonably predictable basis. There can be no lasting cure for international financial difficulties without a return to free convertibility of national currencies at realistic exchange rates. Such a step might be premature at this juncture while the export capacity of war-torn nations is still far below normal, but ultimately it is going to be necessary to face up to the fact that maintenance of exchange rates above their intrinsic values can only be accomplished at the cost of controls that restrict rather than expand the volume of trade.

Canada's Post-War Position

The end of the war left Canada with a greatly enlarged capacity to manufacture goods of all descriptions not only for home consumption but for export. All would be in the clear again if our capacity for production were matched by an ability on the part of Great Britain and other countries abroad which desire and get our goods to pay for them.

Gifts and Loans

In the past seven years Canada had given or lent to the United Kingdom:—

$1,000,000,000.	under the War Appropriation Act, 1942.
$1,870,978,000.	as Mutual Aid.
$ 700,000,000.	War Loan, 1942.
$ 963,000,000.	Loan under U.K. Financing Act, 1946.

We have also made gifts and loans to other countries, the whole to enable them to take our production.

When I was in England in November, 1945, attending the Conference of the Federation of Chambers of Commerce of the British Empire working on Empire Trade problems I found myself embarrassed in speaking after those who expressed what I thought to be too much admiration for Canada's generosity. I tried to make it plain that an important element which entered into the making of these gifts and loans, quite apart from the nobler instincts of it all, was that it very well suited the Government of Canada to keep its people fully employed and happy, through the creation of these goods even though to a great extent Canada herself was paying for them. We were lifting ourselves by our own boot straps. This is the only metaphor I am going to use as they are tricky things to handle—"kittle-cattle" as the Scots would say. A Winnipeg Professor was speaking to the Canadian Club of Montreal some years ago on the use or misuse of the English language. His best example of a mixed metaphor was that of a political orator who had said, "When the chickens come home to roost that will be a horse of another colour!" An inept metaphor is often amusing. I asked one of our representatives in Parliament why his party didn't come out for the removal of the ban on the importation, manufacture and sale of margarine. He replied that "Margarine was too hot a potato!"

To return to my visit to England—I went on to say that we were submitting to a high rate of taxation on incomes of persons and corporations and having a great deal of the proceeds of such taxation distributed by the Government to the farmers, the labourers, and the industrialists in the form of payment for goods exported, and not paid for, from abroad.

Personal Incomes and Expenditures

Now let us look at the personal incomes and expenditures of Canadians. Most of us have a natural curiosity about how others get and spend their incomes, and here's what happened in Canada in 1946:—

Salaries, wages, etc., brought in	$4,968,000,000
(as against $2,500,000,000 in 1938)	
Military pay and allowances	315,000,000
(down from a peak of $1,132,000,000 in 1945)	
Income from agriculture and other unincorporated business	2,151,000,000
(it was only $800,000,000 in 1938)	
Interest, dividends and rents of persons . .	833,000,000
Payments to persons by Government, etc.	1,116,000,000
A Total of	$9,383,000,000

That's how we got it and this is how we disposed of it:

We paid in direct personal taxes	$ 781,000,000
This left us with a total sum to spend of	8,602,000,000
We bought in goods	$5,343,000,000

Here are some of the interesting details:

Food	$1,948,000,000	or about	36½%
Tobacco and Liquor . .	803,000,000	or about	15%
Gasoline and Lubricants	200,000,000	or about	3¾%
Fuel	260,000,000	or about	5%
Clothing and furnishings, etc.	1,190,000,000	or about	22¼%
Automobiles	88,000,000	or about	1½%
Furniture	103,000,000	or about	2%
Household Appliances.	133,000,000	or about	2½%
Drugs, Stationery, etc..	215,000,000	or about	4%
Jewellery	71,000,000	or about	1¼%

Miscellaneous items ..	332,000,000 or about	6¼%
	$5,343,000,000	100%

We paid for services of all sorts $2,158,000,000. Here's where it went:—

		In other words out of every dollar we spent about
Housekeeping	$ 903,000,000	42 cents
Attire and personal appearance	127,000,000	6 "
Medical care and death expenses ...	302,000,000	14 "
For education	35,000,000	2 "
Recreation	148,000,000	7 "
Transportation	297,000,000	14 "
Communications	98,000,000	4 "
Miscellaneous uncassified	248,000,000	11 "
	$2,158,000,000	$1.00

SAVINGS

We have done ourselves pretty well, but, nevertheless, we had over $9,383,000,000. National Income and saved $1,107,000,000.

GROWTH IN BUSINESS

Marked changes have taken place in our business activities in the past ten years.

Retail sales have grown from about $2,400 millions in 1938 to over $5,000 millions in 1947, bank debits have increased from $30,924 millions to over $75,000 millions. Our exports of newsprint have jumped from just under two and a-half million tons valued at $64,000,000, to nearly four and a-half million tons worth $356,000,000. Our output of electric power has risen from just over 26 million to more than 40 million kilowatt hours. We produced nearly 30 million barrels of flour in 1947, compared with less than 14 million in 1938. Pig iron production last year was 1,840,000 tons against 705,000 tons ten years previously. Canada's mineral production last year reached a high record of $620 millions.

These figures do not give the complete story but they indicate progress and encourage Canadians to look forward confidently and not backward nostalgically.

THE INFLATION PROBLEM

Our greatest immediate problem is that of inflation. Until this is solved, neither Canadian business nor Canadian citizens can know any real stability or security.

Yet the solution is becoming increasingly clear. It is production, and production alone, that in the end will provide inflation with its sufficient answer. Only when the amount of goods is brought more nearly up to the demand will prices find their proper and reasonable level.

There is no other way. And there can be only anxiety over the continuing popular tendency to look to some method or plan, some control or regulation, which may adjust prices without increased production and without the greater effort that increased production requires. The re-imposition of regulations or controls, so far from providing an effective solution to inflation, would more likely only delay or discourage the higher productivity which is so urgently needed.

TAXES VS. INCENTIVES

Some economists in this country, as in other lands, have recommended that inflation be counteracted by high taxes.

Surely this is a mistaken approach. For high taxes depress incentives; and if production is to be stimulated, the extra effort must receive the extra reward. To expect people to work harder, and to be practically penalized for doing so, is not to deal in the realities of human nature in a free society.

For this reason, it would seem more realistic, and therefore more effective, if taxation upon earnings were lowered, so that the greater impetus might be given to the added effort. Since we are dealing with human nature in a free society, it must be remembered that extra effort is not easy. "Overtime" in the widest sense of the word, and in all types of work, is not the line of least resistance but of greatest resistance. If high taxation diminishes to negligible proportions the reward for each degree of extra effort, the pleasures of idleness and of recreation and of "taking it easy" will be found to compete very effectively with the will to work. It was the old saying that it was well to scorn delights and live laborious days. But a policy of high taxation lends its encouragement to seeking delights and scorning laborious days.

SAVING DISCOURAGED

One of the incentives for earning extra income is to have money to save. But this incentive is being discouraged in several ways.

The rates of interest have been so lowered by the Government's easy money policy that the possibility of providing a sizeable income from savings (which was quite feasible some years ago) is now beyond the power of most people. It would appear from the action taken on 5th January, and again more recently, in allowing Dominion Government Bonds to fall somewhat in market price, that the Government is pursuing less rigorously its low interest policy.

The value of savings, and therefore the incentive to save, is still more seriously lowered by succession duties. The theory advanced to justify succession duties is questionable. It holds that a certain person or persons, as legatee of an estate, are about to come, by a fortuitous event, into possession of the principal or income of assets which they did not create. Consequently, it is argued that it is no great hardship for them if the government claims part of the estate by the imposition of succession duties.

But it is often hard for the family of a man which was dependent upon him for support, and which because of age, health, educational needs, or other reasons, is dependent upon his estate after his death, to regard themselves as merely inheriting a windfall, of which the Government may fittingly claim a large portion. More often than not when a man dies his wife and children have to change their way of living and usually have a hard time getting along on such investments and life insurance as may have been left to them.

DOUBLE TAXATION

Succession duties are a form of double taxation. Estates created during the last 30 years are in most cases the result of savings from part of the income left after income taxes have been paid. That is to say, estates are built up out of tax-paid money. For this reason in claiming succession duties the Dominion Government is not entering a new field of taxation, but is in fact taxing the same money twice.

Now that the Government has introduced a bill to rewrite the Income Tax Act, it is opportune to suggest that the effect of heavy taxation upon all extra effort and productiveness should be seriously reconsidered. As for succession duties, the most obvious means of reducing this burden is for the Dominion Government to retire from this field of taxation. The Dominion Government inaugurated its tax on estates only some seven years ago (in 1941), many years after the provinces had enacted succession duty legislation. In the year ending March 31, 1946, the Dominion Government collected twenty-one and a-half million dollars in succession duties. Through this is a large sum to be taken from heirs, in addition to what has already been paid in income taxes and in provincial succession duties, it is a comparatively small sum in the total revenue of over three billion dollars raised by the Dominion Government in the same year. If the Dominion were to retire from the field of succession duties, it would not suffer a serious loss of revenue, but the relief that would be granted thereby would give new incentive to the earning citizen and a new security to those dependent upon him.

FREE ENTERPRISE

Before concluding I must give Free Enterprise an innings. It is the foundation of the prosperity of Canada and the United States. Under it these countries have attained the highest standards of living in the history of the world and under it alone is there strong hope of still higher standards. And this is the chief element in happiness. The pursuit of happiness is a legitimate national aspiration—life, liberty and the pursuit of happiness—is a grand phrase. It ties liberty to happiness, and the only liberty in political economy is that enjoyed under a system of Free Competitive Enterprise.

Thurman Arnold, whose duty it was, at one time, to enforce the laws of the United States against monopolies and combinations in restraint of trade, and who was thoroughly informed as to the methods of operation of the capitalistic system has since gone on record as follows:—

> "Free capitalistic economy not only insures freedam of thought and action, but is the most efficient way of producing and distributing the wealth of the nations for the good of all."

The Editor of the Letter-Review published in Fort Erie said in December, speaking of the grave crises in France and Italy:—

> "It remains our opinion that the Communists will not attempt and could not succeed in actual revolution. In both countries, however, there is exactly what we have in Canada—the tremendous mass of public opinion, economically illiterate, convinced that it is possible to have, at the same moment, political liberty and totalitarian control of economic affairs."

I am sorry to end with a word of warning but I think that we are facing a marked recession in business and should be preparing for it.

Canada's financial position also is difficult from the short-term view but the longer future is full of promise for us whose lives have indeed fallen in pleasant places.

"THE CHAIRMAN REPORTS"

AN ADDRESS BY

ROBERT HOOD SAUNDERS, C.B.E., K.C.

Thursday, March 25, 1948

Chairman: The President, Tracy E. Lloyd

DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

It is with great pleasure that I introduce to you today one who is so well known, and I might add, so favourably known to every citizen of Toronto, our Ex-Mayor, Robert H. Saunders, C.B.E., K.C. Our guest or honour was born and educated in Toronto and served his city as alderman and controller for ten years and was elected four successive years as mayor of Toronto.

Mr. Saunders' resignation a month ago as mayor of the city came as rather a shock to the citizens of this city but we all feel sure that his appointment as chairman of the Hydro-Electric Power Commission of Ontario will widen his field of service, and we know that with his experience, he will bring to his new appointment all the outstanding qualities which have distinguished his service in the past. I know we all feel that what Toronto has lost, the Province of Ontario has gained.

One of the most interesting and instructive innovations which Mr. Saunders inaugurated was his weekly broadcast—"The Mayor Reports". I don't suppose many members of The Empire Club heard this broadcast as it was one o'clock each Sunday and they would hardly be home from church. Your chairman always hurried home or listened to him in the car and I am glad to see that our new mayor is continuing this report over the air each week.

I will now call on Mr. Robert H. Saunders, C.B.E., K.C., chairman of the Hydro-Electric Power Commission of Ontario, who will address us on the subject:

"The Chairman Reports"

Mr. Saunders:—

Thank you very much, Mr. President, and Fellow Members of The Empire Club: May I say I appreciate very much the honour that has been done me in giving me the privilege of speaking to your body this afternoon. I do it with a certain amount of fear, in view of the fact that seated at the head table is the Hon. George Challies. He knows a great deal about Hydro, incidentally. And also on my right is Commissioner Ross Strike, K.C., the other Commissioner on the Hydro. I am a brave man indeed to stand here and report to you, the people, not only of Toronto but throughout this Province, on the subject of Hydro. Also I am a brave man in view of the fact we have our highly efficient General Manager and Chief Engineer here, Dick Hearn, and his Assistant, Dr. Otto Holden. These chaps are certainly not looking forward to learning anything about Hydro from your guest-speaker, I assure you. I assure you also I am not going to try to teach them anything about the operation of the Hydro.

May I say I do intend to enter into the field of reporting to the people of the Province of Ontario on the subject of their Hydro Commission. I believe that it is the duty of the Chairman of this Commission to let the people of the Province know exactly what is happening with their Hydro, to let the people of this Province know exactly what is going on in the realm of Hydro and I know of no better way in which the people can find out firsthand than by a report through the medium of a report given by the Chairman.

So, Mr. President, I did check you up before you introduced me. I checked you up on the statement that you listened to my broadcasts. I find you did. You were listening to my broadcast one other time when I was talking about water, as I probably will today, and at that time I referred to the water content in a certain liquid beverage that is sold in Toronto. Art Lascelles and I had something to do with taking off the discount on that real beverage, that water, and Hinde & Dauch and other companies were not very happy, incidentally. Others complained bitterly and I found they were paying the city three and three-quarters cents per gallon for water that they were able to sell—I think the ratio of water in their product was 90 per cent—they were able to sell their product at ten cents per eight ounce glass. I didn't think they were doing badly at all and I certainly did not believe I should be subjected to any criticism.

Gentleman, I have for many years looked upon the late Sir Adam Beck with a great deal of admiration. I have attended Memorial Services for the late Sir Adam Beck on many occasions and may I say that my studies during the past few weeks have certainly convinced me that more of the people of this Province should remember the wonderful work that was done by Sir Adam many years ago. The trials and tribulations of the then Chairman of this Commission must have been tremendous. Criticism from almost every angle—criticism not only from Canada but from the United States and from other countries as well—prophecies that this great experiment was going to be an utter failure. In fact there was a book written back many years ago, known by the title, "The Expensive Experiment", written by a New York Engineer who prophesied, of course, the utter disaster to this province because of this most expensive experiment, the experiment of Public Ownership.

However, the actual facts, as I hope to prove to you, have shown that the author certainly was not a good prophet. The actual facts will bear out that statement.

When we go back and look at the origin of the Commission we see that between 1900 and 1910 the people of Ontario realized that if the Province were to maintain its standing as Canada's chief manufacturing center, and if those industries were to expand to meet an expanding Canada, then a bountiful supply of electric energy at moderate prices was absolutely essential.

At that time large municipalities were being supplied with electric energy by private companies, which largely, of course, depended upon steam as the source of power. A few municipalities on the Niagara River were fortunate enough to be in close proximity to Niagara Falls and also Decew Falls and they were able to obtain their power from those two privately owned generating plants. However, the great argument that was put up at that time I find—actually I wasn't very old in 1906 and 1907 and I wasn't much interested in Hydro because in 1906 I was only three years old, so I must take my information from hearsay, but I do say the argument at that time I would subscribe to today—the great argument at that time was that power being derived from a natural resource of this country should, of course, belong to the people of this Province, and for that reason the late Sir Adam Beck and many others did go into the question of public ownership of this great utility. The outcome, may I say, of much study, was the adoption of a scheme for co-operative municipal ownership under the guidance and control of an independent Commission.

Thus, Gentlemen, was born the Hydro-Electric Power Commission of Ontario.

In 1908 the Commission, on behalf of the municipalities entered into the first contract, a contract with the Ontario Power Company for a maximum of 100,000 horsepower. The Commission built transformer stations, transmission lines for the distribution of this power to serve in 1910, and the first service, I understand, was given in 1910 to some twelve municipalities, at an initial cost backed by the Government of this Province, of some $3,600,000. We all know that back in 1910 and 1911, $3,000,000 was a tremendous sum of money. Yet the experiment went ahead and as I say, in 1910, the first distribution took place on behalf of twelve municipalities.

Well, the work of the Commission began to grow and it is a source of great pride to me, as a citizen of this Province, and should be a source of great pride to every person who resides in this province, the tremendous development of Hyro over the past thirty or thirty-three years.

By 1915 the number of municipalities had increased to 130. In 1920 there were 263, in 1925 the figure had reached 436, in 1928—just imagine the tremendous development over those years!—in 1928 the 436 had become 550 municipalities. Of these 325 were urban, including 25 cities and 94 towns and 225 townships.

May I bring you up to date? In a period of 38 years' development to the place where last year we served 942 municipalities in this province. That included 26 cities, 123 towns and mining town sites, 315 villages and police villages and 478 townships and improvement districts.

You say, yes, that is one side of the picture. What is the other side? How much power was used?

We look back at 1910 and the initial load was 1,000 horsepower. In 1914 it had increased to 77,000 horsepower. By 1915, in one year, it had increased to 100,000 horsepower, the limit of its contract with the Ontario Power Company.

Then the Commission purchased the additional 50,000 horsepower coming from the Canadian Niagara Company and another 25,000 horsepower from the Toronto Power Company. Just look at the phenomenal development of this public enterprise over these years. In 1917 the plant capacity of 160,000 horsepower of the Ontario Power Company was purchased and increased almost immediately to 180,000 horsepower, just seven years after the first delivery. In 1920, the Toronto Power Company, with its plant of 125,000 horsepower capacity was acquired. In 1920 the load was 356,000 horsepower, compared with 77,000 horsepower in 1914, and 100,000 in 1915. In five years, an increase from 100,000 to 356,000 horsepower.

In view of these rapid developments, the Legislature of this Province gave authority for the construction of the Queenston-Chippawa plant, which now has a capacity of some 550,000 horsepower.

When I start talking in figures like this, Gentlemen, I do feel almost like Amos and Andy. I throw a few on and I take a few off somewhere.

However, if we go back to 1920 we find a load of 356,000 horsepower. Then coming up to modern days, in terms of the normal dependable peak capacity, we are now generating 1,753,600 horsepower. May I say this power comes from over fifty plants stretched from east to west across the province. We have under construction some eight plants with present approved capacity of over 1,000,000 horsepower. We are hopeful that this additional 1,000,000 horsepower will be available to the people of this province in or about the year 1954.

These plants are located: One on the Madawaska River at Stewartville. It is most interesting to see the developments that are going on in this province. I have had the privilege of flying over these plants, flying around the plants. It certainly is a source of great pride that we are developing so tremendously in this province.

They are on the Madawaska River, as I said, at Stewartville; on the Ottawa River at Des Joachims; (I don't know whether my pronunciation is right there. I have heard so many different ways of pronouncing that word that I have stuck to the one, "DeSwishim". Looking at the spelling I am sure I do not know how they can possibly get "DeSwishim" out of that. I will spell it: D-e-s J-o-a-c-h-i-m-s. You fellows can figure out for yourselves how the word should be pronounced.) On the Ottawa River at Chenaux; on the Aguasabon River at Terrace Bay; on the Nipigon River at Pine Portage; on the Mississagi River at the tunnel, somewhere near Thessalon; on the English River at Ear Falls, and near Red Lake. (I am certainly glad I have Dick here or I would have to stumble all over the lot a little more than I am doing actually, Gentlemen.)

However, the fact is that we can look forward to tremendous developments in the future. But looking back at the origin of Hydro, it must be remembered that the very origin was a partnership with the municipalities of this Province. Our duty is to supply the municipalities of this Province both in the Thunder Bay District and in the Southern Ontario District with power at cost. With regard to Northern Ontario we are trustees for the Ontario Government.

When you look at cost of course we must protect the future of this system and cost does take in, I believe, those items which go to make up a sufficient protection for the future. For example, we do charge the municipalities with the proper debt charges, capital and interest charges. We charge them of course for the power purchased, for operation and maintenance, for contingencies and obsolescence, for sinking fund and for depreciation. Once those items have been met then the balance goes back to the municipalities.

Let us make that abundantly clear. They have at the Hydro what they call the 13th Bill. All I wish to say is I wish that my creditors, including my Bank Manager, Mr. Pugsley, would send me the same type of bill. Throughout the year we bill the municipalities once a month. We make sure as all good creditors should, that we collect a sufficient amount each month to guarantee that at the end of the year we will not be short. So we send out what we call the 13th Bill and the 13th Bill is usually accompanied by a cheque for thousands of dollars. In fact, our anticipation is that on last year's operations we shall send to the municipalities some $3,199,000 in the 13th Bill.

So, Mr. Pugsley, please remember when you send the bill out from the Bank of Commerce to me, make it in the form of a cheque. I won't mind at all.

And Loftus Reid, the Chairman of the Toronto Hydro —I noticed he was smiling very broadly. Well, Toronto hasn't done badly by the 13th bill. Let me assure you of that. I find over a period of fourteen years the credits on the 13th bills have amounted to $2,175,000, and the debits to $606,600. In other words, we have returned to the City of Toronto some $1,568,000 by the medium of the 13th bills. I think it is a wonderful operation and I think we can look with pride upon the financial operations of this Commission.

When we look at the actual results of the work of the Hydro-Electric Power Commission over the years and through the municipalities and the Municipal Boards we do find an amazing picture.

Well, we are talking about reducing debt, and every time Art Lascelles talks about reducing the debt of the City of Toronto most of you feel that in some way, shape or form your taxes are going to come down, but the actual fact is at the end of this year, Arthur's borrowing margin will be the highest it has ever been in the history of the City of Toronto—some $44,000,000, didn't I tell the people some months ago over my broadcast? But unfortunately the tax rate is not going down this year.

When I say that I am not being sarcastic with regard to my friend, the present Mayor. He is doing a tremendous job, a good job. He had unexpected matters to be dealt with and personally, knowing something about the City Hall, and knowing something about the tax rate, I would say, Mr. Lascelles, your Mayor has done a tremendous job during the last three weeks and he deserves the hearty congratulations of the people of this city on the outcome.

But when we look at Hydro we can show that the advances that have been made have actually brought to the people of this province real benefit. For example, if you look at the City of Toronto you will find that the cost per kilowatt hour in 1913 amounted to 4.4 cents. It dropped in 1917 to 2.7 cents. In 1925 it was 1.8 cents; in 1930 it was 1.5 cents; in 1940 it was 1.2 cents, and in 1946 it amounted to 0.98 cents, just a little under 1 cent per kilowatt hour in this City for domestic power, as against four times that figure, 4.4 cents, back in 1913.

Commercial load—and I know your President will be greatly interested in this—in 1913 amounted to 3.8 cents;

in 1917 it was 2.3 cents; in 1930 it was again 2.3 cents; in 1940 it was 1.6 cents, and in 1946 it was 1.22 cents.

In other words, 1.22 cents per kilowatt hour for commercial power in this city as against 3.8 cents in 1913 and 2.3 cents in 1917. A tremendous drop in the cost of electric power in this city. It is about the only thing that had dropped, I realize that, but it has dropped and great advantage has been given to the people of this Province.

Now, Gentlemen, something was said about the failure of power in certain places in the month of February. Fortunately, or otherwise, I happened to find myself at the United States Mayors' Convention at New York City at that time, so I assure you I had nothing to do with it, one way or the other. I didn't know anything about it until the reporters started to call me at New York and ask for my comments. That is one feature about public life that we all find. A man in public life is expected to give a snap opinion on any given subject without any thought of the actual facts. He is expected to give an opinion, isn't he, Kent? He is expected to give it immediately, with no study of the actual facts. When I told them in New York that I certainly would not comment that was indeed an awful shock and surprise. However, be that as it may, many questions have been put to me and probably have been put to you.

The outcome is rather interesting when you actually study this question of power shortage, and there are still many, many people who certainly do not understand the reason for the power shortage. So many people have said to me, "What difference does it make?" In fact right outside in the anteroom, one man said to me, "So many people are still saying, what in the world difference does it make if you turn on a little power? You can't store energy."

Now, we can't store energy. That is right. But we can store that which produces energy, and we can store the water, and the great difficulty, of course, as you gentlemen all know, is that in the month of February and the month of January and during the winter months there is a tremendous depletion of water resources throughout the northern part of this province and the northern part of Quebec, and particularly this year when there was so little rainfall last summer in that province, and also because of the fact that there was so little snow this winter.

Actually I have had to change my mind. It used to be if we had a wonderful dry spell in the summer with no rain in July and August I would be very happy. I would say, "My, I think it is a wonderful summer." Nowadays I know what I am going to say, "Oh, my, isn't this a terrible summer? People are enjoying themselves, true. But what a headache Dick Hearn and Mamby and Otto Holden are going to have next winter."

And so, Gentlemen, feeling kindly disposed toward these three gentlemen and the members of the Commission, I shall certainly feel very sorry if we have a very dry summer during the coming months.

I was wondering about this ballroom, actually, so I did ask that the information be given to me. This room has a total connected load of 17 kilowatts. The quantity of energy used in one and one-half hours is 25 kilowatt hours. This energy generated at Chats Falls would require the use of 161,500 gallons of water to produce the energy necessary to light this room for one and one-half hours.

Last night, incidentally, I was at the hockey game. It was a wonderful game and a wonderful over-time, more particularly. But I was looking at the lights in the Maple Leaf Gardens and trying to figure out in my own amateurish way just how much water was required, so I did put the question, and I find that Maple Leaf Gardens use 108 kilowatts to illuminate the ice surface. If this is used two hours in a game, as it was last night, a total of 216 kilowatt hours is used. Now, if that power had to come from Chats Falls, we would need 1,400,000 Imperial gallons of water each minute to produce this energy.

The Maple Leaf Gardens used during November, 1947, a total of 170,000 kilowatt hours, or an average of

6800 kilowatt hours each day for 25 days. If this energy had to be produced at Chats Falls, 44,000,000 gallons of water would be required each day.

Compare that with the total pumping of the pumping station of the City of Toronto and you will find that that happens to be one-half day's pumping at the pumping plant of this city. Right now we are pumping about 85,000,000 gallons of water per day. Well, you need 44,000,000 gallons of water each day to light the Maple Leaf Gardens last November.

I mention Chats Falls for a purpose, because although we do get our basic power from Niagara and from the St. Lawrence, yet the variations in these days are coming from Chats Falls. You can imagine the difficulties, the peak load difficulties throughout the day .when we must call upon Chats Falls. The flow in the Ottawa River this week I think is about 40,000 cubic feet per second. Just about ten days ago it was only 20,000 cubic feet per second. Just imagine the tremendous drop and when you need water in the quantity that I have mentioned to produce the power for one single solitary building.

Last Sunday I visited the Queenston-Chippewa plant at Queenston. The guages there told me that some 15,000 cubic feet of water was passing through per second, producing about 350 kilowatts at the moment I was there, or about 468,000 horsepower. This meant that on that day, last Sunday, some 8,100,000,000 cubic feet of water passed through that plant.

You say, what is that in terms of what we use in Toronto? Well, it is one hundred times as much as the City of Toronto pumps in any one day. Just imagine, that amount must flow to produce the 468,000 horsepower.

The Royal York Hotel, for example, uses about 21,000 kilowatt hours in the average day. At Chats Falls we would need 135,660,000 Imperial gallons of water to produce that energy—about one and one-half times as much as our Water Works Department uses in that day.

I am quite satisfied if the people of this province actually realized the tremendous waste in electric power that is going on each and every day, they would certainly cut down on the use of electric power. If we could get rid of the waste then I am sure we wouldn't have to worry about the cuts in the future.

For example, how many of us realize if a tap leaks at one drop per second that tap leak is equivalent to some 6 to 8 Imperial gallons per day. On the other hand, one 100 watt lamp operating for 24 hours and supplied from Chats Falls requires 15,500 Imperial gallons per day.

It *is* hard to believe it, Colonel. It was hard for me to believe, and I requested that these figures be checked over. That is what we find.

And who here would allow a tap to leak all day long and all night long? But how many turn off the 100 watt lamps? Yet the waste from the tap only amounts to a matter of 6 to 8 Imperial gallons in a 24 hour period, but the absolute waste with a 100 watt lamp amounts to 15,500 Imperial gallons per day.

Let us examine this from another angle. Let us assume that there are 900,000 Hydro consumers in this province—if one per cent of these consumers waste 100 watts per 24 hours, the wastage of water would be 9000 x 15,500, or 139,500,000 Imperial gallons if supplied from Chats Falls.

Well, I went over certain other figures and there are some very amusing experiences at the Hydro. For example, I was talking to Dick Hearn one day about the experiences that the Hydro engineers have. You all remember last fall most of you did get up at six o'clock in the morning to hear the wedding of Her Royal Highness, Princess Elizabeth and Lieutenant Philip Mountbatten. Well, when you did get up you turned on the radio, you turned on the light, you turned on the stove to make coffee or tea or otherwise. What happened at the Hydro plant? The increase in the load amounted to 20,000 kilowatts.

The water required for that increased load if it were produced at Chats Falls—I say Chats Falls because we all know that at Niagara the water just rolls and rolls and rolls and it is a 24-hour peak service, that is peak service as far as water is concerned, at any event, but up at Chats Falls they must depend upon the flow of the Ottawa River—the water required at Chats Falls to supply this additional load for one-half hour is 65,000,000 gallons. 65,000,000 gallons of water for one-half hour the morning of that wedding.

Did I realize that last fall when I turned on my radio? No, I didn't. I wasn't connected with the Hydro at that time. I didn't realize it.

Last Friday, for example, was a very dull day in Toronto. The increase in energy consumption in this city on a dull day such as last Friday over a bright sunshiny day is from 400,000 to 500,000 kilowatt hours, or roughly, ten per cent. What does it mean in gallons? I speak in gallons because I, myself, can understand gallons. I know what a gallon is. I know the flow coming into Toronto. What does that mean in gallons, just last Friday? It means, on the basis of Chats Falls, 2,584,000,000 extra gallons of water. Just imagine—because it happened to be a dull day last Friday! Yes, we often forget and we often do not think.

Last Friday, on that very day, I visited the plant of the Frigidaire Corporation. I am not trying to give them advertising but I would like to give them credit, notwithstanding. I went up there and I saw what had been done to save power. The Frigidaire Corporation had on October, 1947, consumption of 936,000 kilowatt hours, and in keeping with a ten per cent reduction they were requested to conserve approximately 90,000 kilowatt hours per month, or 4,500 kilowatt hers per day.

By very careful planning—they took out about two-thirds of the lights, they took out the actual bulbs, they turned the motors off when the motors were not being used, and I was there at noon hour and I watched the men come back to work and I watched the chap as soon as the man was in place turn on the switches and away went the motors and along came the power that they used to have prior to October—well, they were able by careful planning to reduce their kilowatt consumption by 5,000 kilowatts per day. They were only requested to drop the 4,500 kilowatt hours but they actually did drop by 5,000 kilowatt hours per day.

They tell me that regardless of what we do about power in the future they are certainly not going back to the old state of affairs. They are going to conserve that power in the future, and if we all do that then of course we can get somewhere in cutting out the waste of electric energy.

Then again, the firm of Hinde & Dauche, of Trenton, saved sufficient Monday to Friday energy to permit Trenton to meet their 90 per cent quota without further reductions. Just imagine—one company! Great credit should be due to your President's Company and the company presided over by my friend Lou Winchell. Incidentally, they paid their employees, I see by this note, time and a half for Sundays and they donated that extra cost as part of their contribution to the overall programme. Thank you very much, Sir.

Then again, the General Motors plant in Oshawa—they were able to effect approximately a 20 per cent reduction in their kilowatt hour consumption without lowering their output.

Now, Gentlemen, and Ladies and Gentlemen who possibly are listening to me, my hope is that the people of this province will realize that if we can cut down on the waste of electric energy, then our troubles will to a great extent disappear in the very near future. We can cut down by not allowing lights to burn needlessly.

I wonder about the hotels, for example. I wonder, quite frankly. I realize they have signs in the rooms, I realize that, but I realize this is what happens, and you have all had the same experience. The bell boy will take you to the room. What happens? He opens the door, he switches on the main light. Then he will walk over to the window, raise the window slightly, then walk to one lamp, turn that lamp on, walk to another lamp and turn that lamp on. Then he walks to the bathroom and turns on the bathroom light and he will say, "Well, Sir, is there anything else I can do for you?" After all is said and done, that will be done today, on this bright day. Needlessly, of course, but without thinking. The same chap would never for one moment think of walking in and turning on the cold water tap just so it can drip. He wouldn't think for a moment of doing that. That is actually what he is doing when the light switches on. He is actually causing a little more trouble for our General Manager and his staff and a little more trouble for the Hydro-Electric Power Commission of Ontario.

My hope is that if you have any questions, whether you are here at this meeting or wherever you are, if you have any questions concerning the operation of the Hydro-Electric Power Commission of Ontario, I do hope you will realize that it is the citizens' business, and the citizen is entitled to information and the citizen will obtain information from his own and about his own system. It is my intention to start broadcasting on the first Monday of April at seven-forty-five. I shall be on a province-wide hookup at that time and I shall endeavour in that broadcast and subsequent reports to the people of this province to give them information concerning their own corporation, the Hydro-Electric Power Commission of the Province of Ontario.

I appreciate very much, Mr. President, the opportunity that has been mine of speaking to this group and speaking to the larger audience over the air.

(Applause.)

Mr. Saunders was thanked by the President, Mr. Tracy E. Lloyd.

"FREE ENTERPRISE"

An Address By

C. BRUCE HILL, ESQUIRE, M.C. AND BAR.

Chairman: The President, Tracy E. Lloyd.

Thursday, April 1, 1948

DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

The Empire Club of Canada welcomes as its Guest of Honour today the President of the Canadian Chamber of Commerce—MR. C. B. HILL, M.C. AND BAR.

Our Guest was born in Ottawa and as President of the Canadian Chamber of Commerce, I will venture the opinion that he will be visiting his birthplace many times throughout this year. Representing as he does organized business, it is his responsibility to keep Ottawa informed of the economic policies formulated by boards of trade and chambers of commerce throughout Canada.

Our Guest, after receiving his early education in Ottawa, attended Trinity College School, Port Hope and then, for a short period, was with the Dominion Bank, leaving for World War I with the Canadian Field Artillery. While overseas, he attained the rank of Major and received the M.C. and Bar and was mentioned in despatches. With this artillery experience, it is quite fitting that this year he has turned his heavy guns on the opponents of our democratic way of life.

Returning from World War I our Guest became a successful farmer and then turned to industry and he has been President of the Engineering Tool & Forgings Limited, at St. Catharines for the last sixteen years. His business associations include a directorate of the National Trust Company, the Canadian National Exhibition and the Executive Council of the Canadian Manufacturers' Association and also in community activities he has done his full share and is a Governor of St. Catharines General Hospital and was President of the Ontario Division of the Red Cross Society, making an inspection trip overseas for that worth while organization four years ago.

As Past President of the St. Catharines Chamber of Commerce and now President of the Chamber of Commerce for all Canada, we can readily realize how well equipped he is to address us today on the subject he has chosen—

"FREE ENTERPRISE"

MR. HILL:—

Mr. President, Ladies and Gentlemen: It is certainly an honour to be asked to address The Empire Club of Canada here in Toronto.

Now, I talk to you today on the subject of Free Enterprise and Socialism, a threat to its existence, and I believe in the Dominion of Canada a real threat. I am not trying to sell Free Enterprise to this audience but rather to convince you that Socialism is a threat to this country, not only to the existence of Free Enterprise, but to the standard of living of every Canadian in the Dominion of Canada. I am not talking only of today or tomorrow, I am talking of the future.

Now, I felt today that Communism might confuse the issue which I discuss today. Therefore, on this particular occasion—I am not attempting to establish a precedent for any future action—I dismiss the subject with these brief, but I think adequate remarks. The legal suppression of any political party is contrary to our democratic way of life and in any case, I question its value. But that does not relieve our Government of taking every precaution to see that we are adequately protected against the possibility of Communism or the seizing of control by force of arms or otherwise, and of vigorously enforcing or amending the present laws to do so. Nor does it relieve the individual members of any organization from the responsibility of cleaning their own house.

I am not referring to any particular group. There isn't an organization in the Dominion of Canada that shouldn't take some care at this time to see that their organization does not contain a Communist.

The Canadian Chamber of Commerce believes in the exposure of Communism by education, and I can assure you, Gentlemen, that we intend to pursue that course just as vigorously in the future as we have in the past.

Now, Socialism is a threat to a free enterprise. Gentlemen, twenty-five per cent of the people of the Dominion of Canada believe in Socialism. That is one person in every four. Therefore, it is a major issue. It is a threat to free enterprise. You cannot ignore it. If you put your head in the sand and forget it, I say, Gentlemen, that that part of your carcass that you leave out to do your thinking for you is going to have a very thin time.

Free Enterprise I describe as the capitalistic or profit and loss system operating with only those restrictions necessary to protect the public welfare.

Our detractors refer to it as the profit system, forgetting that there are also losses.

Webster describes Socialism as a theory, and mark you, a theory, that land, industry and goods produced should be owned, managed and distributed by a government representing the people.

Now, the Canadian Chamber of Commerce has on more than one occasion recorded its unswerving support for free enterprise, because of its accomplishments. Gentlemen—that is why—because of what free enterprise has done for the North Amercian Continent.

We are equally vigorous in our opposition to Socialism because we see no indication that Socialism has in any part of the world provided its people with anything like the standard of living that you have on the North American Continent. For years the Government of the Dominion of Canada recognized the fact that in the interests of the Canadian people and of the country they should encourage, assist and indeed, promote private enterprise. You have thousands of miles of roads in the Dominion of Canada built by provincial governments, municipalities and the Dominion. What for? To carry the commerce of free enterprise.

You have millions of dollars invested in canals. Again, I say, to carry the commerce of free enterprise.

Free enterprise built a trans-continental railway in this country with three million people.

And when our American friends are inclined sometimes to do a little bit of bragging, which perhaps they have a right to do about their country, I like to point out to them that it took forty million people to build the first transcontinental railway across the United States.

We have agricultural experimental stations from one side of this country to the other, rendering a great service to the farmer, but they do not go out and buy and sell his goods or grow his crops.

We have Trade Commissioners in every corner of the world and you could not find a finer body of men. They do much for the industry of this country.

But through the whole picture, Gentlemen, what has been the background? These people are all there to aid and promote free enterprise, or they have been in the past. I regret to say that at the present time the tendency is a trifle different. There has been a departure, there has been a recognized departure.

There has been a place for Government, there has been a place for free enterprise. Our opponents, in spite of the accomplishments of this partnership, do not suggest that they move into business in a small way. They suggest that we throw the whole partnership out the window and start afresh. I could understand that, Gentlemen, if we were dealing with a system that had not been satisfactory as far as the people of this country are concerned.

Let us regard the effort, and if I talk of the North American Continent as an entity, I do so because the statistics are better and, by and large, our way of living is about the same. We have on the North American Continent, 7.5 per cent of the world's population, but we have 35 per cent of the railways, we have got 46 per cent of all the telephone and telegraph wires in the world. We have over half of the electrical energy, and of the world's total production, with 7.5 million people, we have approximately 35 per cent.

And let me give you one more illuminating statement. Sixty years ago the production per head on the North American continent was $100.00. Now, it is $400.00.

And there is the answer to the high standard of living which we have on the North American Continent—the only real answer: Production, more and efficient Production. It has brought us the highest standard of living in the world. We haven't even got a close competitor.

Now, just think that over. Just tell me where we have even a close competitor anywhere in the world. This continent has only been in business for 200 years. We have started and passed some of the oldest civilizations in the world. And make no mistake, Gentlemen, the vital force behind this thing is a free enterprise, a free citizenship, free initiative, free to work and struggle and get places as it has been possible to do on the North American Continent.

I sometimes think, Gentlemen, there is a tendency on the part of Government and perhaps indeed on the part of business, to put altogether too much confidence in high thinking and overlook courage, initiative and ordinary ability—the ingredients that go to make a free enterprise.

Now, what do the Socialists offer to replace this system that has meant so much to the North American Continent? A theory that land, industry, and goods produced should be owned, managed and distributed by a government representing the people.

I say to the people of the Dominion of Canada, you look out your window and look at your factories and look at your garages and look to your distributing centers and look at your shops and say to yourselves, "Is this man that wants me to vote for him, is he more capable of managing my business that I am of managing it myself?" I say to the people of Canada, just ask yourselves that question. Can I shift my responsibility? I say you cannot. Every man has a responsibility for his own individual life and he cannot pass it over to the state.

There are too many, and there are probably some in this room, who give lip service to free enterprise and rush to Ottawa the next day and say, "Let us have a law." Gentlemen, you cannot ask the other man to be regulated for your benefit without expecting that he is going to ask also for a little regulation.

In spite of the efforts, does the Socialist suggest that we improve this system? Does he say, "Now this capitalistic system has done much for the North American Continent"? He says, "No, let us throw it out the window and start with something entirely new."

They talk of political freedom. I suggest to you, Gentlemen, if you give to the State the right to buy everything you make and the right to sell you everything you want, that you not only sacrifice your economic freedom, you also sacrifice your political freedom.

Just look around the world and see if I am not right. The Socialist cries "Monopoly". He says we have monopoly. Does he say they will do away with monopoly? No. he says we will set up the biggest and best monopoly the world has even seen. We will set up a Planning Commission. We will regulate everything.

The greatest fallacy of all time fallacies, which the Socialist places is equality rather than production as a means of raising the standard of living, that is the greatest fallacy of all time. Of all the fallacies that have been advocated by Socialism that is the outstanding one. If you took every income in the Dominion of Canada over $5,000 and distributed it, what would you have? Nothing. Yet sixty years ago we produced $100 per capita and you know what the standard of living was. Now, we produce $400. Gentlemen, there is the answer—Production.

I believe the Socialist theory to be unsound of vision and incapable of raising the standard of living of the Canadian people. But after all, you wouldn't expect me to say anything else. The disturbing fact is, Gentlemen, that 25 per cent of the Canadian people do not agree with me, in spite of the evidence. I have travelled a lot in this country. People are disturbed. They are disturbed about war. They are disturbed about power. They are disturbed about economics and their minds still travel back to the '30s. The propaganda of the Socialist falls on very fertile ground. They are experts on a platform and who doesn't like a speech that promises pie in the sky?

Investigations bring to light the erroneous thinking of the Canadian people along economic lines. They believe that Executives receive as high as half the wage and salary dollar. The answer is 13 per cent. They think that profits are as high as 60 per cent of the sales dollar. The answer is about 5½, including plant replacement.

During an industrial survey in the United States, and I think this is also true of Canada, when the employees were asked if they thought their dollar would go farther under public ownership, 43 per cent said they thought it would go as far or farther. Many believe that the whole blame for the '30s belongs to business. Nothing could be more unreasonable. It would be just as sensible to blame the plight that Great Britain finds itself in today on the Socialist Government. You have to be honest.

What is the cause? Why do they believe these things? Lack of understanding and appreciation by the Canadian people of what the Canadian system of free enterprise means to them. Failure of business, in some cases, to have due regard for the public welface, thus bringing disrepute on the whole system.

How can we correct this situation? First, and without any apology, I give you the Canadian Chamber of Commerce, an organization built up by Business to do pioneering in creating an informed public opinion, applying a practical remedy, as to the place that business occupies in the lives of the people and the economy of the country. We have 527 Chambers across Canada—cells, if you like, of free enterprise, 75 per cent in the communities of less than 5,000 people. I have seen them in action in Moose

Jaw, Regina, Vancouver, London, Montreal, St. Catharines, all doing a job for free enterprise. And I tell you definitely, Gentlemen, that the business man of Canada is becoming aroused. We are fighting back with information, factual, all over Canada. We have men working and distributing information. We use the press, the radio and the public platform. I think, Gentlemen, we are doing a good job. No organization, no matter how good, can relieve us of our personal responsibility. Everybody in this room and in this country must make a contribution.

The fundamental principle of free enterprise is personal responsibility. Most of you men are connected with business in some capacity. Many of you have some influence on the policies of business and it is absolutely essential that first and foremost we use our influence to see that business operates with due regard for the public welfare. And other course in this day and age, Gentlemen, is just plain suicide. Or, if I really want to insult those people who don't have due regard for the public welfare, I say it is just plain stupid.

Let us face the issue. Business in this country and in many countries operates to a great extent in an atmosphere indifferent to its aims and objects; in some cases, definitely hostile. Twenty-five per cent of the population believe that we are not fit to manage our own affairs. They think that they can do better. It is a serious situation when one of every four Canadians believes he can do a better job than we can with business.

We must sell the people of Canada. We spend millions to sell our product, nothing to sell ourselves, or practically nothing. It wasn't so important twenty-five years ago, but it is now. Why not start on our own employees? Tell your employees about your business and how it operates.

Gentlemen, it is no politics. Many a man says, "I don't like to approach my employees along those lines. This is political." Is it political to take your employees into your confidence and tell them exactly what your business means to them and the Dominion of Canada? I don't think so.

What about the public? What about the annual statements of practically every business in Canada, going to the people that make business go, going to our customers, not understood by the public, not always understood by the shareholders, and I suspect, Gentlemen, that sometimes even the Directors are a bit puzzled.

We have got to give the people that work for us more information as to exactly what we mean to the Dominion of Canada. You can make a great individual contribution by studying these subjects and putting yourself in a position to answer those people who are contiuually decrying and tearing down the free enterprise system in which you and I believe.

Now, Gentlemen, the public are going to call the tune. The indifferent people, the ones that don't really care are the ones that have to be sold, and we have to sell them and I will tell you, Gentlemen, that at the moment we are being sold the other way. The people of Canada are listening to the other side. They are not hearing enough from our side, and we have definitely got to get more vocal.

The Canadian Chamber of Commerce does not intend to allow this issue to go by default. The extent to which you participate rests entirely with you, but let me remind you, your decision may affect your whole way of life and that of your children for many years to come.

(Applause.)

"SURVIVAL AT STAKE, OUR INDIVIDUAL RESPONSIBILITIES"

An Address By

COMMANDER ROWLAND H. STOKES-REES,
R.N. (Retired)

Chairman: The President, Tracy E. Lloyd

April 8, 1948

Distinguished Guests, Ladies and Gentlemen:

Quite frequently when thanking Guests of The Club we invite them to return at some future date. Fortunately Our Guest of Honour of today has accepted this return invitation and we are very pleased to have Commander Rowland H. Stokes-Rees with us today.

Our Guest of Honour spoke to The Club nearly five years ago and his subject at that time was extremely interesting—"INSIDE A SUBMARINE". He was in Canada at that time with a British Admiralty Technical Mission.

Our Guest of Honour is a Submarine Specialist and is also an authority on Ordinance and Weapon Design and from 1941-1943 was Superintendent of Weapon Design for all the Allied Forces working for the Americans, the Free French and even the Russians and was on the staff of the Allied Commander in Chief for the North West Europe Campaign, his duties taking him to all parts of the world. After V.E. Day he was on pecial Duty in Europe advising as to the disposal of Noxious Enemy Weapons.

Commander Stokes-Rees has recently returned from an eighteen months' survey in Mexico, Central and South America and witnessed the Peron elections and was present during various small revolutions in the South American countries.

Commander Stokes-Rees has had a most colorful and world-wide experience. He, for instance, is a close, life-long friend of King Paul of Greece who is Godfather to the Commander's eldest son.

I know The Empire Club will listen with great interest to COMMANDER ROWLAND STOKES-REES, R.N. (RETIRED) as he addresses us on the subject—

SURVIVAL AT STAKE OUR INDIVIDUAL RESPONSIBILITIES

COMMANDER STOKES-REES: Mr. President, distinguished guests and Fellow Citizens of the British Empire and Commonwealth:

It is, as you know, for me a great honour to be asked here again, especially as the last time I spoke to you in this place—as your President said, four and a half years ago—I was virtually in disgrace. No one knew that I had in my pocket on that occasion their *Lordships'* displeasure or disfavour—I forget which and under the circumstances it doesn't matter either way—for telling a previous audience that the Russians were fighting not for us but for Russia, because they had to fight or die; that they had no cause to love The British Empire and were far from doing so and that a worse enemy than the German Submarine (I was talking on submarines at the time) was The Press with such headlines as "Good Old Russia—Another Hundred Yards for England, or France or the Allies." "Good Old Russia—another hundred yards" if you like, for we were bedfellows in adversity, but never for England or The Empire nor for our Allies—just for Russia and Russia alone.

Incidentally, your President has just said that I worked for the Russians. Some one once pointed out that the preposition is a dangerous thing. I worked *with* the Russians—under direction.

Well, a lot of water has gone under the bridge in the last four and a half years—or should we who listened here to Mr. Robert "Hydro" Saunders last month say, "Over *Chat* Falls." Using his formula, my small son of six, estimates it would have lit a 100 kilowatt lamp to 8.204% efficiency for 2 billion years, 4 months, 3 days and 50 seconds. Joking apart, I know we all enjoyed his talk very much and are only sorry that absence on Hydro duties has kept him away to-day.

At that time, in 1943, when talking of submarines, I was able to tell you quite truthfully that the tide had turned and even the waves for the time being were no longer against us. But we knew even then that the Germans had two new and superb types of submarines striving to get to sea—ones that would have been a very different kettle of fish—and I would like to digress here to say that it was only due to the bravery and determination of our Air Forces, who went at them hammer and tongs every time the next batch was nearly ready for sea, that they never appeared in the Atlantic probably to put us in a worse plight than we were in in 1917 and again in 1942. Unfortunately those submarines, which are particularly hard to detect and extremely difficult to kill, are of course public property to our friends on the other side of the Iron Curtain and they make very dangerous weapons as, for example, unseen transporters and mobile platforms for projection of the horrible weapons of the future.

Gentlemen, today, after nearly three years of socalled Peace, things are far more serious than the last time we were together after four years of ghastly War. We can hope that Statemanship may save the day, but no great leader in any nation can save us without the active backing of even the lowliest among us. May I go back to a little story that I told you in 1943. One of our submarines in the Mediterranean, having got in a successful attack and thus exposed her position, was being heavily counter attacked. She was so seriously damaged that all lights were out, except for hand torches; the propeller shafts were so badly distorted in the A brackets that every attempt to go ahead produced a screaming noise that pinpointed her even more definitely for the attackers on the surface; and worst of all the battery tanks were cracked, sea water was seeping in and the dreaded chlorine gas was rising. In other words they were finished.

At that moment, the Coxswain came up to the C. O.—a very fine old man of at least twenty-four summers—and held out a signal pad with the remark "very important request, Sir." The Captain said, "Really, Cox, what are you talking about?" However he took it, played his torch on it , smiled and passed it around the boat. While the crew laughed despite the situation, he took the final risk that is only made possible by a surge in morale, went full ahead together and miraculously escaped to tell the tale. That request read as follows:—"Able Seaman Blank, such and such a number,"—Request to revert to General Service IMMEDIATELY!" Now without the individual effort of that boy, a lowly member of her crew, barely out of his teens, who did what he did when he knew he was going to die in the next few minutes, that whole crew was lost. Such a deed is, I think, a good example of our individual responsibility in the world to-day.

I am not an alarmist, but I do say a weapon designer who gives considerable thought to these things, that another global war is fatal. I would like to take you further than atomic warfare—ignoring even the inevitable primitive power of the first two atom bombs that produced such havoc at Hiroshima and Nagasaki—to such horrors as bacteriological warfare and beyond that to the laying waste once again of enormous erstwhile fertile areas of this earth. Figures now show that with the normal increase in the world population, which would not of necessity be appreciably depleted by another major war, we can now only just keep pace with food output sufficient to feed humanity on this globe. Another war will lead to the inevitable destruction of large areas—say, for example, the elimination of the Prairies of Canada and the U.S.A. by bacterial rocket projectiles fired from submarines in the Pacific—and that in brief must lead to starvation of the world, quite apart from and even more serious than considerations of destruction of life and property themselves. This is a terrible thought.

I think possibly the best example of what may happen was given the other day by an American Admiral—not Rear Admiral Saunders, whom I am honoured to see here to-day—when answering naval students at the conclusion of a lecture. He was asked to give his conception of the main weapon of the next war. He replied, "Gentlemen that is too long a subject, but I can tell you the weapons of the war after that . . . "Stone Clubs." I agree with him.

In short, science appears to have brought us to-day to a position where we can have either Utopia or Extermination. We can take our choice and it just depends whether we can save Democracy by peaceful methods or not. If we set our united minds to it, actively, I feel we can.

My first point is that I am absolutely convinced, knowing the Russians and from speaking with other thinking men who know them even better, and again, from keeping my ear to the ground in the many countries I have visited of late, that Russia does not want a fighting war. Make no mistake, however, Russia definitely wants World Domination and she intends to get it, by what one can call crudely "Asiatic cunning." Russians have that terrific art of falsity of statement—almost as strongly developed as some of the North American Press—added to which they extol the basest treachery, exploit with Machievellian cunning every situation as it occurs and pour out promises that defy description—nevertheless the right promise at the right time in their programme. A powerful combination for evil.

Their character is really extraordinary and can be summed up in one word—SINISTER. In the first place, they are 100% suspicious—not without justification because every time the bell strikes, to use a naval expression, some foe overruns their most cultivated areas which must get awfully boring—so suspicious that no parent trusts his own children and vice versa. This is most which, when coupled with the oriental craving to save unhealthy. Then they are very childish—amazingly so, face, is equally disturbing. One incident in London during the late War might illustrate this point. It was my duty to give their mission within reason all possible help on weapons. The first thing that struck me was that my opposite number in that mission—a Russian Naval Captain—was never able to see me alone. Secondly, that both he and his "witness" comrade, another Captain, never vouchsafed any return information, but told most unconvincing lies. One said he wasn't in Russia at the relevant time and the other said he spoke no English. Both untrue and childish enough to be pathetic. Added to this, they always placed a bottle of sherry on the middle of the table—a drink which in my opinion would give one cirrhosis of the liver easier than looseness of the tongue—and poured continuous and copious draughts for their victim.

What worried them was our 4″ Mk XIX gun, fitted in all Merchant Vessels—a feeble weapon of misguided conception known from its simplicity as the "Woolworth" gun, which was mistakenly expected to make a bang loud enough to sustain the morale of the merchant Seaman whilst at a ridiculously short range, producing a splash big enough to make the submarine dive. Neither was the case. This was obvious and yet, for lack of any available alternative, so many of these guns were fitted that our suspicious comrades were certain that this was Churchill's secret weapon. For two days they kept coming around to this weapon and its dark secrets. Their Sherry bill must have been enormous. I had nothing to tell them. Finally, however, the brain box worked. I looked furtively over each shoulder, took one more draught to the detriment of the liver and beckoned them closer. "The cartridge case ejects faster to the rear than the shell leaves the muzzle." I confided and blushed shamefacedly. Their sigh of relief bespoke their feelings—their work was accomplished. What we do know is that they did report this stupendous nonsense back to Kremlin, but what I have never been able to discover is whether later they were executed for impertinence or incompetence. However, that put me in great favour with the Russians and very shortly afterwards my wife and I received a truly magnificent invitation from the Russian Ambassador, Mr. Maisky, to a reception at the Embassy. We went and, believe me, they out-czared the Czars—even at this stringent time in London, the Russians all wore ceremonial uniforms while at the tables, which groaned with gold plate and the very finest wines and viands. All most impressive, that is all except one little fact. Every tenth

Russian wore hobnail boots, a filthy suit or shawl, according to sex and the men wore no collars and had not shaved in days. If anyone knows of more childish play acting I would like to hear of it. Quite ridiculous, in fact.

Incidentally, between the palatial hall and the salon where the Maisky's received, we went through a large room that was completely blacked out. The only guiding light came from the door ahead that opened and quickly shut behind our predecessors—no photographs appeared to be taken, so perhaps they had the X-ray eye frisking us. Anyway, some one with a limp took hold of the flap at the back of my uniform jacket and held on tight in the dark for some thirty paces. Imagine my horror as we were announced, when the butler bellowed "Commander and Mrs. Stokes-Rees and Admiral Sir Dudley Pound" —the First Sea Lord. This is the closest I have ever been, or am ever likely to be, to being announced in the same breath as the mighty.

Coming to their characteristic we meet animal ruthlessness. In Murmansk, when the Convoys were running and these required a Fleet Action to get them through from the Old Country, one of our retired Admirals as Commodore of the Convoy was too ill after the strain to take the Convoy back. So the British Captain in Murmansk signalled for a relief commodore to be sent out by fast destroyer. He arrived and the Russian Admiral refused to see him. He said, "I have the name of Commodore X. I will not see Commodore Y." Our Senior Officer gave him half-an-hour or the Convoy would not sail according to programme. In less than no time Commodore Y was duly interviewed and that we thought was that.

The next time the Russian Admiral saw the British Captain he merely remarked, "It was a pity you spoke as you did when you did"—just that and no more. The strange thing was that the Flag Commander was missing for the first time. It transpired later that he was the people's Commissar, that he had attempted to report his Admiral's lack of liaison propensities and had quietly gone down the elevator shaft to his death for his trouble.

The interlocks on that elevator were perfect, so this was ruthless murder of a fellow-countryman. That is the sinister aspect.

It is the same at lower levels. Shortly after we were in Germany we started as many British games as possible to keep ourselves fit and occupied. The only place where we could at first find a suitable cricket ground was on the edge of the British Russian Zones N. E. of Hanover. Here we had an enjoyable game against the Army. When I was batting—that is usually one ball, but this was an exception—two Russian troops came out of the woods in their zone and presumably for a ten kopek bet deliberately shot dead a very old German farmer working peacefully in the next field in our zone. That is your Russia.

Lastly, the queer aspect of judging all others by themselves. In view of my connections with the Russians in London, the Allied Naval Commander in Chief selected me to be one of the party to be carried over to Marshal Zhukov to accompany the Russians in to Berlin. We put out feelers for reaction and found they were most unfriendly. "He knows his job, he must be a spy". As Kipling said "East is East and West is West and never the twain shall meet."

That brings me to the Spring of 1946. Some of you I know heard me speak at the York Club in January of that year, when it was quite obvious that Russia was going in to Turkey. Her plans were finalized, her agents were waiting at the Wall and infiltrating through Egypt across the desert to claim fictitious graves of ancestors —so important to the Moslem faith—as far west as Tunisia and a grand encirclement of the Mediterranean was afoot. At that time I had an evening with Sheffki, Pasha, one of Great Britain's oldest friends and Turkish Ambassador in Ottawa. He was expecting the blow at any minute. But to their eternal credit the English speaking peoples brandished the big stick, whilst leaving a door open for retreat, and nothing happened.

Let us pray that as things develop in Eastern Europe, which they are doing, we shall continue to stand firm. Nothing else is understood by Russia, nor ever will be.

Life in Russia, as everybody must know, is for the masses nothing but slavery under fear. No man may even think for himself and live to think again. When one says the mighty word "Politburo" it speaks for itself. A group of crooked politicians, entirely self-seeking, served by masses of petty bureaucrats trying to feather their own nests. The whole thing is rounded off by the most terrible secret police in history, who are ubiquitous and omnipotent. As I said, everybody knows all this, yet communistic seed spread here in Canada falls on fertile ground and flourishes. Just look at the recent communist poll in Toronto alone—there must therefore be many who think it a good prospect to be communist. The question is WHY? The first reason that would lead any man to communism—outside definitely planted fifth columnists and believe me they abound—the first reason is a raw deal from life at the moment and the feeling that if he joins a minority group early enough he may be a big shot in the near future. This is not a fact with the Russians, as each of their coups has shown, but it is an attractive thought. In my humble opinion one of the best ways to rid ourselves of this danger is by better education. It is difficult to lay one's hands definitely on the shortcoming here, but it exists.

No one has done more, (I think I am right in saying this) for education in the history of Ontario, than Premier Drew. He has put through a vast programme, but it still remains a fact that Ontario alone is nearly 1000 teachers below minimum strength out of a provincial total of 24,000. In the Dominion as a whole it is worse. And what is the reason for that? It is, of course, the miserable low salary compared with the present cost of living. We all of us ought to think hard on this point, especially those who have just elected their new education trustees and encourage them to spend more rather than less, because if one finds a disgruntled teacher who can not make ends meet, what sort of children is he or she going to put out in to the World? Yet all of us insist on the very best doctors, the very best dentists, but as for the poor child's brain, that can fend for itself, whilst the thing that really matters in this world is how the child thinks as he emerges to manhood. And again putting Democracy as one sees it here under a microscope, one sees too many unwelcome germs. There are cartels, planned shortages, unions versus employers and vice versa without proper labour management understanding, low wages, high prices and one even sees cases where incentive bonus, which is such a valuable arrangement, has a loophole in the agreement so that the employer can, when he fancies his people are earning enough, cut back on them. That may be a clever move, the wage earner may have a full pocket, but the canker enters in to the soul. Communism always ready to play the tempter, steps up and promises better.

Then we get perpetual encouragement to save, coupled with prevalent low interest rates. How can the little man save, and incidentally what does he get if he does, when the big man is speculating on capital appreciation regardless of dividend and thereby forcing the inflatory spiral. The only one to feel this is the little man, whose vote counts just as much as any other, and he is not going to support a regime in which he can not make ends meet.

Then we see price probes, with much publicity, fizzling out into an unsatisfactory demise. You and I may shrug our shoulders but have you ever listened to that great barometer the average taxi driver? His wife can't bring him home any butter, if there is any, because it is too expensive. He grips the statement in the press that enormous profits were made at a certain time and declares that were he in power butter would be sold at not a cent more than it costs the cow to turn it out. You can't blame him. We might take an example from Norway, which is possibly the least communistic country in the World. Yet Norway has full control and absolute labour management legislation—and Norway is at this time a happy land.

Again I think that the consideration of the "haves" for the "have nots' in big Cities like Toronto wants careful attention. Charity is not consideration—it is an easy sop to the conscience and the income tax collector and in its own way it is a fine thing, but it doesn't make for warmth of feeling. Everyone here has had a good time—no bombs have dropped, industry has boomed and profitable expansion has been the outcome so that we have seen the rise of those besetting evils that accompany such easy days. They are apathy, smugness, graft and greed. They are so evident and so dangerous that I will repeat them—apathy, smugness, graft and greed. They are the cause of the gap between the "haves" and the "Have nots." I have studied first hand cases, my own included, where unnecessary hardship and sorrow have been caused by sheer thoughtlessness or should one say selfishness, that leads to ugly thoughts. It reminds me of the 2nd Lieutenant getting tongue tied as he saw his troops marching over a cliff. The Sgt. Major said to him, "For Gawd's sake, say something to them, Sir, even if it is only "Goodbye". This is my advice to some of the self-styled big shots who see no wrong in inconsiderate behavior, when one word to a Secretary could deal with the matter, yea or nay, and remove this evil. Of course it is possible to go too far the other way, like the man who shot down the line out grouse shooting. It appears that he hit a neighbouring butt—in any case, at the end of the drive an infuriated fellow guest came charging up the line bellowing, "I'd have you know, Sir, you peppered my Wife" to which the guilty party replied with a wave of the hand "I'm frightfully sorry, Sir, have a shot at mine!" That goes possibly too far in consideration, but there is a happy mean.

In this short time, it is difficult to cover the World in the analysis of possible survival, so I will touch briefly on only a few countries recently visited. First, let us look at defeated Germany. Conditions are bad, very bad, even this side of the Iron Curtain. I saw people who must live in and near the ruins of the big Cities to obtain possible employment and meagre rations, digging underground hovels with their hands and expelling the dirt with their feet just as do rabbits. It seems impossible, but it is a fact. Yet we must build a self supporting German economy if Europe is to survive. We have yet to see if Russia will be able to sabotage the Marshall Plan E.R.P.

set-up. Rest assured she will do her utmost to do so to turn starving millions to her in desperation. The Germans want to get on their feet. I interrogated many higher technicians in the course of duty and had other opportunity to get the views of many more ordinary mortals. They dread the Russians. This was a fact that so hampered our final advance—hordes of Germans fleeing before Russian brutality, hordes over whom no English speaking tank drivers would trample. There is one good idea recently expressed by Mr. William Batt, the well-known American Industrialist in a speech to Toronto Exporters. He was against loans as such, he wanted Americans and Canadians to do what the Britsh used to do abroad—go out and set up, in this case in Germany and give employment and get their industry restarted. This industry being under English speaking control, would be purely utilitarian—that is not for war and would help Germany back onto her feet. It is a policy worth considering while at the same time we must include possibly a French set-up although the hatred of centuries militates against this.

My next thoughts are of Greece—the melting pot of the present Russian attempts at expansion. The defeat of the present Communist uprising is essential to peace in the World, yet few realize the seriousness of the situation and the press is inclined only to print agency reports of further shootings of communist agitators, as if they were martyrs. My Wife and I dined alone with the late King George and his Sister, the present King Paul and his Wife immediately before they returned to the Throne in 1946. They were brave people doing their duty. They knew the dangers, international and personal. They knew that Russia had Greece first on the menu and they knew that support to keep them out of Russian grasp would be as shilly-shallying as it has been. To take a typical unfortunate example—When King George died, King Paul took up the reins. Surely the press has a duty to be impartially prepared, but the only biographies ready for the new King were fully prepared communist dossiers, and for lack of anything better they were printed. Headlines read "Playboy King takes over." "Tango Expert comes to Throne of Balkan Melting Pot" and that sort of nonsense. King Paul and I were at school together and he was quite the nicest boy there; very talented, charming manners, extremely popular and, as you know, little boys of that age are no respecters of lineage. Since then he has a fine personal record in the Greek Navy as well as being a good pilot in the Air. Added to that his Queen, Frederika, who is equally charming has from the same propaganda sources, a German smear thrust at her, totally ignoring the fact that she is a heroine to the Greeks. She virtually lives in the front line, where the King joins her on every possible free moment from state leadership, and where her photograph is to be found even in the most communistic outposts, firmly standing between those of Stalin and the local guerilla leader! These are personal things, but they point a moral. We must stand four square behind our American friends who have so nobly taken up the responsibility of the Balkans and give help in Greece both moral and physical.

At this moment, it is impossible not to mention Bogota in Colombia, where the terrible uprising of recent weeks has shocked the World. All this was planned by the Russians as carefully as the wonderful boulevards I watched being laid out in Bogota for this fateful Pan-American Conference. Free cinema shows were being given at the Russian Embassy to instil subversive propaganda, but the chosen day for the revolution Gaitan, who was ironically the leader of the Left, was willfully murdered in a public square at lunch time by communist dupes, whilst parties of inebriated thugs were let loose armed with machetes—wicked agricultural knives—and with pamphlets explaining how to make and use primitive Molotoff Cocktail incendiaries. Despite all this, much of the world was surprised when Colombia immediately broke diplomatic relations with Russia. The whole story may take time to come out, but enough is known to be a solemn warning. It can happen here—or anywhere—and in seeking a greater population Canada must above all beware of the implanted immigrant.

Lastly, it is worthwhile to take a quick look at the Argentine which claims to favour neither Democracy or Communism. I was in the Argentine for the Peron elections and was fortunate to be on a mission important enough to ensure invitations to many high level happenings, whilst not being so senior as never to have a spare moment to myself. It enabled me with sufficient Spanish at my command to take soundings at various levels, to understand what was going on. In short, Peron was determined to get in—the usual lust for power—and to do so he had to enfranchise and corral the ne'er-do-well masses. His opponent was not a strong man—to be frank it has not been exactly a sinecure of recent years to put up for election as a democratic President in the Argentine —yet any opponent was bound to get a very big vote from the intelligentsia and the vast agricultural districts.

Peron did get in through the most fantastic promises to the masses—"my shirtless ones" he called them. Also it was alarming the number of well to do people coming in from the Country to vote in Buenos Aires, who were hauled off the train and never did vote. Some did not live either after a little police interrogation. Throughout the election period the ne'er-do-well crowds—known locally as the Piscoites from the potent raw brandy called Pisco on which they got drunk—these mobs roamed the streets doing serious damage to life and property. It was significant that they were shepherded but not broken up by the mounted police. For instance, the mob howled down the distinguished American addressing us at the American Club on the occasion of the Pilgrims Dinner—it appears that the floodlit flags of our two Countries had infuriated them. They were unable to break in to the solid building or things might have been worse as was the case with one of the newspaper offices. "El Dia" is owned by Hugo Stanz, a yachting friend of my Father's of whom I saw a lot. His paper has always been staunchly democratic and moderate. For this his offices and Plant were pulverised by these hooligans, while the police quietly cordoned the area—presumably against interruption.

The first act of the new President was to seize the Central Bank and put it in the hands of his military clique. Where have we seen this pattern before? Let me add that the Argentine already had a National Bank and that the Central Bank was famous for its stabilizing influence in the Country. As its Board of Directors it had in rotation the heads of all the big Foreign Banks in the Argentine—the Royal Bank of Canada, the Bank of London and South America, the various U.S. Banks and the like. I had luncheon with these gentlemen, as it happened, on the day of the take-over. It was a very sombre party and none of us with the best intentions could lift the ball. And so to-day, what do we see? All through greed and lust for power, one of the richest Countries in 1946 almost friendless and dollarless in 1948. Let that be a solemn warning to this rising young power. It could happen here too. Well, what can we do about it, you and I? First, I think we ought to face this fact. One hundred years ago Karl Marx, who was a German, stated quite plainly that Humanity must be on its guard against Russian offers of protection. That is as true to-day as ever it was. Secondly, we must realize that Communism is NOT a political party—it is a TREASONABLE INSTITUTION. Therefore we must not be fooled into saying that, as this is a democratic Country, the Communists must be allowed to hold meetings where they like and say what they like. Openly and admittedly they advocate and plan the overthrow of our established form of government in this and every other democracy. They owe no allegiance to our throne or to Canada, but solely to the Kremlin. That is TREASON and I repeat deserves only the fate reserved for traitors. Thirdly, we must encourage our Press to realize its enormous responsibilities. Irresponsible headlines, especially in voluminous journals where few have time to read all the letterpress, are very dangerous. Let me take three recent examples and in so doing may I hasten to say that we all know that every Editor must sell his paper or go to the wall, but in these days he has a wider duty. At the time of the recent Toronto elections the responsible dailies set out to suppress Communism—the result was electric, every communist voted red and only about fifteen per cent of the remaining population voted against. By stupid psychology the Press engendered enthusiastic hatred in the minority and smugness and apathy in the very ones they hoped to inspire to action. Again, only the other day, the Toronto Press published the following headline, "British grossly maltreat East African Native Population." Being startled, I read the whole article, about four inches long. At the bottom in small print there appeared "This was put forward yesterday by one of the Russian deputies to the United Nations." How many people would have read this? I'll tell you. Of all the people I questioned most had seen the headline and none the obvious lie to it at the bottom. They all presumed we were bad people in E. Africa—just what the Russians hoped. Yet had the Press headed the article "Soviet accuses . . . . . ." they would have understood.

And then you get the Russians' own report on their war effort without a single mention that it was pure propaganda. One leading daily gave it a whole column including their claim that the Allies hardly helped them —4 per cent at best. Yet we all know that without the Convoys and the perpetual allied bombing of German supplies to the Russian front, Russia would not have survived. The Press, as I said, must tackle its responsibilities with more judgment and discretion.

Fourthly, we must be "prepared" and by that I mean prepared to wield the big stick. We have to probe our elected representatives for action—to push on to people like Mr. Claxton. I know he goes down and sees the President of the United States and comes back and says that everything is lovely in the garden, but we still do not see the proper directed co-ordination of the Navy, Army, Airforce and Defence Research services that there should be and as for the all important overall co-ordination with industry, which is the most vital preparation of all, the lack of direction here is a virtual scandal.

My job in Canada is 1943-44 was on these very lines and it gives me great pleasure to see some of my old friends here to-day, so you will understand my feelings in the matter. We shall not have the breathing space in any future conflict that we had, and so badly needed, in 1939. Most of you will admit that even when we first got together as late as 1943, we were not doing too well. No, gentlemen, after nearly 4 years we were still hanging fire.

Mr. Claxton has made two public speeches, one just before Christmas and one in the New Year, talking of a Government Committee to be set up. The industrialists themselves have also announced a list of names of a voluntary committee of their own, but nothing concrete is being done. And if it is, one wonders how much of it will be so much eyewash through the press for the public? Keen as I am on getting on with two way Canadian Trade and treating Canada as if there is not going to be war—and I do not think there is—I would willingly drop everything and go to Ottawa and co-ordinate the whole lot, even if I had to bang all their heads together to get action. One main reason is that we must not and can not lean on the United States. And that is my final point.

"A son is a son till he marries a wife—a Daughter's a daughter the whole of her life." We are the Empire Club of Canada. We are a daughter of the Empire. We must remain that daughter the whole of our life. Marriages are not made in Heaven—that is nonsense—marriages are made by propinquity. We are good neighbours of the United States and as such have made a natural marriage. We are the daughter that has married the big, lusty lad from one block south and a fine lad he is, but we are still the daughter of a fine old Mother who yet has a wonderful store of "savoir faire" in her make up, be she not so young as she was. Let us never forget this—a wealth of experience is worth a mess of brawn and to throw away at this stage the wise counsels available to Canada from Mother England would be a sorry step indeed.

If we remain the loyal daughter, married to the United States, and keep the whole Empire together, I think then that we can build up such a power for good in this world that we can always wave the big stick at Russia and Russia will retreat—provided we leave that little loophole for her to save face. The Asiatic must save face. Let them retreat gracefully or you will have trouble.

So, in conclusion, I would like to say let us be honest individual members of the British Empire. Be Canadians, working with our American relations, striving all we can to keep the United Nations alive. Canada is superbly represented at Lake Success in Mr. Pearson and General McNaughton. They are outstanding—they know their jobs—the General camp rings around anyone in the realm of modern weapons—to let them have our ungrudging support. That will be our contribution to success and every little helps.

Every one who has it should re-read his invitation card for to-day and note that really excellent little extract from Jean Jacques Rousseau selected by your Secretary, Colonel John Hyde Bennett—this puts my whole thought in a nutshell and to illustrate our individual responsibilities I could choose no finer words—

> "As soon as any man says of the affairs of the State, "What does it matter to me?" the State may be given up for lost."

"PALESTINE AS A U. N. RESPONSIBILITY"

AN ADDRESS BY

DR. HERBERT LESLIE STEWART
M.A., Ph.D., F.R.S.C.

Chairman: The President, Tracy E. Lloyd

Thursday, April 15, 1948

REVEREND SIR, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

The Empire Club of Canada is very glad indeed to welcome back as its guest of honour, Dr. Herbert Leslie Stewart, M.A., Ph.D., who is so well known to all of us as well as to all Canadians.

Our guest of honour is professor of philosophy at Dalhousie University, Halifax, and is a well known author and student of international affairs, and for many years was one of Canada's greatest radio commentators.

Our guest is an Ulster man and graduated with high academic honours from the Royal Academy, Belfast and Lincoln College, Oxford. Dr. Stewart has acted for the Dominion Government as investigator and conciliator in labour disputes and his articles and reviews on various questions of the day are outstanding in excellence. Our guest of honour is also Associate Editor on International Affairs of the National Home Monthly.

I am sure the members will be interested to know that this is our guest's fifth address to our Club.

I take pleasure in introducing to this audience Dr. Herbert Leslie Stewart, M.A., PhD., F.R.S.C., who will address us on the subject:—

"Palestine as a United Nations Responsibility"

Dr. Stewart:—

Mr. Chairman, Ladies and Gentlemen: It is a pleasure to me once again, as it has been repeatedly in the past, to come to address this particular audience on a topic of world affairs. One who addresses a great many audiences of varying interests and sometimes of interests that conflict with one another, may be permitted to indulge a certain preference for the audience to which he speaks on certain subjects. I particularly like to speak to this audience on a matter of Imperial concern. I like an audience on which I can depend that it shares some fundamental convictions of my own on a matter of grave moment.

Now, whether we use the word "Empire" or shy at that word, whether we think it is a word to be treasured with affection or one for which we should like to devise some substitute in a more colourless word such as "Commonwealth", they mean I think substantially the same thing. I doubt the propriety of disguising a purpose such as that.

I was just saying to one of my neighbours close to me at the table that Hardy in one of his novels presents a cynical old politician who remarks that "Few ideas are correct ones and what they are no one can tell, but with words we govern mankind."

Now, I am not depreciating the importance of a selection, a careful choice of words, but the fundamental thing is we should not disguise from one another what we mean and I reckon in speaking to this Association of yours I can reckon on an audience that shares my own conviction or the value for all mankind of the preservation of the British unit. (Applause.)

Now, I scarcely need to dwell upon the significance of this problem of Palestine in that connection. Anyone who reflects for a moment on how the Palestinian problem, as we know it, was pressed on the world's attention, anyone who thinks how deeply the fundamental value which we love to regard as especially British values are implied in the project of thirty years ago, anyone who recalls how vital is this British lifeline stretching through the Middle East to the interests of the whole Empire must realize that on the settlement of the Palestinian problem a great deal depends for us all.

Now, I am going to limit what I have to say to one aspect of a very complicated problem. There are many aspects, but the one I have in mind is the relation of Palestine to the project called The United Nations: what must happen to UNO if it fails to solve that difficulty? What difficulty can it solve if it fails before that one?

The purpose of UNO is very, very clear. At least it was until failure after failure has suggested to those who have failed that they might in some measure conceal their lack of success by redescribing what they had set out to do. But for the rest of us who are detached from any such purpose, those who some have remarked have not the direction of things, but only the sufferance of them, there is no temptation to evade in any such way.

We recall that UNO was established for the purpose of securing the world against wars, and wars arise through quarrels between races, groups, nations. It is the function then of UNO to devise some method of assuaging these disputes, bringing the parties together. Now, if they can't do that in a case such as Palestine, in that small country, a little less than half the size of Nova Scotia, between races that, however, they may differ in certain respects have some fundamental agreement, how can it face big problems, such as Central Europe? Such as the Balkans? Such as the manifold issues that cluster around the settlement of a treaty with Germany?

Is it not then a meloncholy spectacle to observe so many persons reaching no conclusions about the Palestinian question, except the simple one that it is very hard to say—there are so many things, they tell us, to be taken into account—if only Jews and Arabs would come together then it would be easy.

I can't see what would be the use under those circumstances of UNO. If problems would solve themselves there would be no need for the extremely self-conscious organization that has told us it can solve what would otherwise be a horror.

This cult of irresoluteness, this satisfaction with pointing out the difficulties, this inability to make up one's mind and carry it out, recalls to me a jest in Punch about how the sculptors have carved many a hero seated on a horse but up-to-date have never carved a hero seated on a fence.

When the United Nations Organization was first launched there was a certain cynical Editor of a London monthly who ran a series of articles, one of which was entitled "The Dumb Barton Oaks", the second, "Sham Francisco", and the third, "San Fiasco". You will have no difficulty in conjecturing the strain of those articles. Some of us hoped, myself among the number, it would turn out to be the exercise of a somewhat unseemly satiric mirth. I wished I had not been so hard pressed at least to bethink myself of an adequate answer to such an insinuation.

Now, for the sake of clearness, for the sake of saving you from confusion and myself from being diffuse, I am going to point out certain irrelevant matters which I shall careully avoid in this discussion.

I am going into no question as to who owns Palestine in the sense of having been there first. I am not quite sure that having been there first should always constitute ownership. You may remember how Scott suggests the impropriety of suggesting that the ownership of the country belongs to that race which was there first, else Scotland might be said to properly belong to the first buccaneering pirates who occupied her coast. Besides, it is very difficult to tell who were the first inhabitants of any old country.

Nor shall I discuss which race was there for the longest period in predominant position.

Nor again whether there was a breach of treaty obligations, and who broke a treaty.

I have nothing to do with the questions of antiquary, the questions of the moralist who, with unsatisfactory degree of success has been trying to determine what constitutes essential ownership, nor with these international lawyers who will discuss any topic as long as it lasts. I am going to limit myself to one perfectly clear question:

That is, if UNO fails this time, how can it ever succeed, because this question was one which we might have judged singularly suited to UNO's machinery. What sort of question might UNO be expected to deal with? A question surely on which there was fundamental agreement of purpose but unfortunate difference from time to time in respect to execution and of details. There is not much good in a conference of persons who want fundamentally conflicting things. They, as the Irish critics say, never come together except for the purpose of a row. Getting to know each other won't do any good. Sir Thomas A. Kempis once said, and he was by no means a cynic, "People tell me if you get to know people you will get to like them and admire them. Alas, Alas! I have found the better some people are known the less can they be esteemed. The chance of getting along with them is not to know them too well."

Now, I want to point out to you that here we had an agreed principle, for from the beginning the Balfour Declaration might be described as substantially an agreed policy among the nations that won the first World War. Moreover, it was by no means offensive to the Arab world of 1919.

Now, I want to quote new evidence for that which has been too much forgotten. Here are the very words of the Arab representative at the Conference of Versailles in 1919: "We Arabs, especially the educated among us, look with the deepest sympathy upon the Zionist Movement. Our deputation here in Paris is fully acquainted with the proposals submitted yesterday by the Zionist organization to the Peace Conference, and we regard them as moderate and proper. We will do our best in so far as we are concerned to help them through. We will wish the Jews a most hearty welcome home."

That was the official Arab statement. It is very much forgotten. Just as it is so easily forgotten that Colonel T. E. Lawrence who was nearly always quoted when this matter was discussed was himself a Zionist. How many times have I told my correspondents who write to me that

T. E. Lawrence felt so deeply that the Arabs had been wrong, as to refuse to have anything more to do with the Government that had honoured the pledges given through him. Let me quote one sentence, sufficient to dispose of that, from T. E. Lawrence's own writings, "The Seven Pillars of Wisdom", page 176, footnote—if anyone will take pains to look it up: "In my opinion", he said, "the promises to the Arabs have been fulfilled both in the spirit and in the letter, wherever humanly possible."

Now, the project thus launched with general approval and sympathy wonderfully for a number of years. The cities and towns began to grow up in what was previously an Arab waste in Palestine. Wholesome, healthy places of residence took the place of malaria swamps. Roads, water power, electrical devices, scientific agriculture—all were the products of the enterprise, the skill, the talents, the efforts of those who came in response to the Balfour Declaration, the Jewish settlers who came back to the Holy Land.

I do not for a moment question the statement that from time to time there were grievances and that there were disputes in which there was from time to time an element of truth and honesty and importance on both sides, but on the whole it was a situation which, if any, should have lent itself to the adjustment of that disinterested body first called the League of Nations, and afterward the United Nations.

The Hebrew University at Mount Horeb was a sample of the progress to which the Holy Land was destined under the new enterprising regime.

The rise of the Nazis to power, the rise of Adolf Hitler, the anti-Semitic campaign which he inaugurated, made a vast difference. It created a spirit of insurgence in those who would previously have acquiesced, encouraged the purveyors of a gospel of disorder to run a risk they would never otherwise have run.

Thus I regard the Palestinian problem of today as a heritage largely due to the weakness with which that Nazi enterprise was handled and a policy of acquiescence, deplorably unwise, was tried.

Now. there were successive Commissions that investigated what should be done, and those Commissions reached various conclusions. Finally, the conclusion that on the whole the wise thing to do was to partition the country.

That principle of partition, that method of partition was not satisfactory to either Jews or Arabs. That in itself was rather suggestive that it might be right. And solution of a long vexed problem which is perfectly satisfactory to one side deserves to be suspected of being inadequate.

The attitude of the Jews on the matter was to this effect: We are disappointed. It is nothing like what we were promised. But events have changed the situation since the Balfour Declaration was made. It is a decision of the United Nations. We accept it and we will do our best to carry it out.

The attitude of the other party was: We shall sacrifice every life man, woman and child, before we submit to it.

Now, what was the proper attitude for the disinterested world authorities in those circumstances? What is the proper attitude toward the disputants, one of whom is prepared to make concessions, and the other of whom relies on threats, on violence, on outrage?

Well, one thing to do, and perhaps the easiest thing to do, is to bully the party that will be most submissive to be bullied.

I recall an interesting anecdote which comes from one of Carlyle's papers, that describes how in the same town there were two shoemakers. One was called MacPashorn, and the other was Sparable. Sparable made good shoes, genuine shoes that would stick to you in a difficulty in the middle of the street. The other used a good deal of paper and was given to ardent spirits, but he had a wife and ten children and the community reflecting on their respective necessities, decided that MacPashorn, though a bad shoemaker, had got to be supported against Sparable who didn't need it so badly, so they withdrew custom from Sparable, and gave it to MacPashorn. That meant that he drank more expensive refreshments and in larger quantity. Not being solvable he was not saved, and now Sparable was drinking, too.

Therefore, you have a parable. The acquiescent Jewish Agency, observing that the way to succeed is to be violent, has developed, I am sorry to say, some suggestion of fulfilment of the motto, the melancholy motto of Oscar Wilde, "Nothing succeeds like excess."

Now, there is another parable that occurs to me which I think has the suggestiveness of Lord Northcliffe who has a keen eye for a situation. He had been to Palestine a very few years after the Balfour Declaration began to be put into force and he came back with the suggection, "It seems to me the proper description in Palestine is another Ireland."

If you think that over and reflect on how you might for the Arabs remember Northeast Ulster; for the Jewish Agency, the Irish Nationalist Party; and for the Arab Holy War, recall the Ulster Covenant—you have symbols fairly close to suggest what is taking place. And I am bound to say I think you must go on to make some further comparison, and say of the Irgunists and Stern Gang, in Ireland they had the Sinn Feiners—the movement of that physical force party in Ireland which exulted in the discomfiture of the constitutional movement and appealed only to force.

Now, can't the United Nations Organization take some lesson from that melancholy experience which no one who lives in the British Empire can regard with any satisfaction or pride—the establishment of Eire and North Ulster—not united, but from time to time asking, at least suggesting union with each other, but a union which I fear would be like the one described by Paul Sebastion, as not so much an embrace as a grapple, and neither venturing for a moment to let go their hold.

Can't we do something better than that?

Now, I am speaking to you within about three weeks of the departure of the Western Powers, the forces of Western Civilization from Palestine. On May 15th the Mandate comes to an end. The resignation of the Mandate by Britain, which was accepted, becomes effective. From what we have been told in the press of the last couple of days, on that date there will be, respectively, the proclamation of an independent Jewish State, of which a head of the Government and a Cabinet of twelve have already been chosen, and on the other side, a Provisional Government established by the Arabs.

The picture is one which I would leave to your imagination to develop further.

Does that have to happen? Is there no remedy? Well, if there is none, then the United Nations Organization has become incomparably less efficient in action, appears incomparably feebler than that League of Nations about which the depreciatory terms that we used are always recalled with apologies to those who did much better in the previous venture.

As things stand such is the outlook and prospect, but I cannot believe it is going to be left that way. I can't say how it is going to be remedied. The inference I wish to present to you with all the force I can today is that everything depends for the future of UNO upon its showing it has power to deal with just such a case as the Palestinian case. All the materials favouring the machinery of such an Organization of UNO were present. The advantages were all on its side. It was a small area.. It was an area very well known. The features, the conditions of the case were familiar. If there was the will to apply the machinery of the United Nations Organization it was simple indeed to solve it.

We shall look forward with despair, I think, necessarily reasonable despair on what will happen in Central Europe, what will happen in the disputes with the Soviet Union, what will happen in that vast antagonism which is growing up between the Western United States, on the one side, the United Powers on the one side, and the Soviet Union and its satellites on the other, if this relatively slight and manageable question, where one side at least is perfectly ready for conciliation, for concession, for compromise, if the United Nations are so, either weak or so much more concerned for manoeuvres of one power against another in some other area, as to leave things to drift along until we have an inter-racial war which may rise to dimensions of any size, beginning from the 16th of May next.

I can't believe, I won't believe until I must, that there will not be achieved in the intervening three weeks, that there will not be achieved some rescue from this appalling situation, that we shall have to contemplate in helpless distress the scene that would necessarily ensue, using only the words of the old Hebrew lamentation, "Is it nothing to you, all ye that pass by?"

(Applause.)

THE PRESIDENT: I shall ask Mr. Gelber to thank our speaker.

MR. GELBER: Mr. Chairman, Dr. Stewart, Distingushed Guests, Members of The Empire Club. On this issue of Palestine the Government and the people of Canada have made a significant contribution as a member of the United Nations. I am sure on this issue and other issues where the moral voice of Canada can be, and is heard, we have a great debt to those men of independent spirit who speak on this and other issues. We value the contribution which Dr. Stewart has made to the discussion of these great public issues in this country and I am sure I am speaking on behalf of every one here when I say how delighted we are that he came here today to give us this very distinguished address.

(Applause.)

"THE BRITISH COMMONWEALTH IN A BEWILDERED WORLD"

AN ADDRESS BY

THE HONOURABLE T. C. DOUGLAS, B.A., M.A.

Chairman: The President, Tracy E. Lloyd

Thursday, April 22, 1948

DISTINGUISHED GUESTS, LADIES AND GENTLEMEN:

A member of the Club asked me last week if we were a political organization. My reply was "Why No": The Honourable T. C. Douglas is speaking to us next Thursday. Several months ago when we invited our Guest of Honour, of course, we did not know that there would be another election in our province and I always am mindful of the fact that the Honourable George Drew is a past president of The Empire Club. However, apart from all these complications, we welcome today to our Club the Honourable T. C. Douglas, M.A., Premier of the Province of Saskatchewan, who is paying us a return visit, as three years ago this month he was also our Guest of Honour.

The Honourable T. C. Douglas came to Canada from Scotland in 1910 and was educated at Brandon College, Manitoba, and later took his Master's Degree from McMaster University. In Manitoba he won the gold medal in debating, dramatics and oratory and won fame in sports circles by capturing the lightweight boxing championship of Manitoba.

For some years our Guest of Honour was pastor of a Baptist Church and in 1935 was elected to the Dominion House representing the Welburn Constituency as a C.C.F. member. After nine years in the Federal House he resigned in 1944 to accept the leadership of his party in Saskatchewan.

I will now call on the Honourable T. C. Douglas, who, will address us on the subject—

"The British Commonwealth in a Bewildered World"

Mr. Douglas:—

Mr. Chairman, Distinguished Guests, Ladies and Gentlemen: I should like first to thank the members of The Empire Club for their kind invitation to be here. Just three years ago this month I had the privilege of speaking to you before. I spoke here in Toronto on my way overseas when I was going to visit Saskatchewan Units in Great Britain and on the Continent and I can assure you it is a pleasure to be back here again.

I am also delighted to have an opportunity of speaking about the British Commonwealth of Nations, which is, after all, the greatest historical phenomenon of our time and probably of all time, because it is made up of diverse peoples of many tongues, of many races, of many colours and of many creeds. The fact that we live together under one flag and under one Sovereign doesn't, of course, mean that we have uniformity, that we all think alike, that we all agree. As a matter of fact, the British Empire and Common wealth had its nucleus in the English, Scotch, the Irish and the Welsh, and you couldn't imagine any four groups of people getting along less well than those four. The Irish used to spend most of their time stealing sheep and wives from the English. It was a national pastime.

And even now, when I go back, as I have done frequently, to visit my friends in Scotland and my friends in England, I find the rivalry still continues. I find that the people of England are still saying nasty things about those people "north of the Tweed". They told me in London that up in Scotland they have closed all the theatres on Saturday night because these Scotchmen all laugh in church on Sunday morning.

They said that those Scotsmen up there are so tight that when Sir Harry Lauder was in London he came up to the theatre one night after a performance and they found a little boy crying. He said to the little boy, "What is the matter, Son?"

The little boy said, "I had a shilling and I lost it."

Sir Harry said, "Ye ha'ed a shilling and lost it. Dinna greet. Here's a match—look for it."

They were telling me in London about the Scotsman who came to spend his holidays in London and that about all he intended to spend—just his holidays. His friends gave him a very good time, they showed him the city. When his holidays were over he thought he ought to show his appreciation so he said, "Do you like fowl?"

"Oh, we love fowl, but we don't get much of it down here in London."

"Well, I have a bird at home that I will send you when I get back."

He went back to Scotland and weeks and months went by and no fowl arrived. When a year went by they got a post card, saying he was coming for a holiday again. His reception was a little less warm this time. They met him at the station and after a few casual preliminary remarks had been passed, one of his friends said, "Sandy, what about that chicken you were going to send us?"

"Oh", he said, "I forgot to tell you. It got better."

And I find whenever I go up to Scotland that the old rivalry is still there too. The Scotch say they don't mind these Scotch stories—"As a matter of fact we manufacture most of them ourselves." As a matter of fact a joke is about the only thing a Scotchman can enjoy at his own expense.

One of the fellows in Glasgow told me of a certain man in Glasgow who had been doing very well. He was making steady progress in the business in which he was engaged and finally had been given a promotion and was to be sent to England on a buying trip. All his cronies were so delighted at his promotion that they had a big party and saw him off on the train.

Two weeks later they met him at the station when he came back. "How was the buying trip, Mac? How did you get along with the English?"

"Oh", he said, "I didna meet any of the English. I just met the heads of the Departments down there."

One of the stories that the Scotch like to tell best is the story of the Scotsman who went to London and was doing very well when one of his English friends said to him, "How is it that all the good jobs in London seem to be held by Scotchmen? We had Ramsay MacDonald, and during the first World War, Sir Douglas Haig, and so on. You Scotchmen seem to grab all the good jobs in London."

Sandy replied, "It's brains. Up in Scotland we catch a certain kind of fish. When you eat it, it gives you brains."

Some time latter Sandy was going to Scotland for his holidays and his English friend came to him and said, "Sandy, here is a pound note. I wonder if you would get me some of the fish you have up in Scotland that makes the people so brainy?"

Sandy, being a Scotchman, took the pound note and a week later his friend got a parcel with one little emaciated fish in it.

When Sandy came back he said, "Did you get the fish?"

"Yes."

"Did you eat it?"

"Yes."

"Do you feel any different?"

"No."

Every time Sandy went on his holidays his friend came with the pound note, and he always got the fish. This went on for a long time, until one time the Englishman said, "Don't you think a pound note is a lot for a messy little fish like that?"

And Sandy said, "It's beginning to work! It's beginning to work!"

I don't want you to think that the Scottish people are always tight. As a matter of fact they are very idealistic. Somebody told me about two Scotchmen who had been at church. They had enjoyed the service very well until the collection plate was passed around, which is always an ordeal for a Scotchman. Sandy had in his pocket two coins—a "bawbee", as the Scotch call it, a copper, and a gold sovereign. Needless to say, he was intending to put the copper on the plate. By some horrible mistake he put on the gold sovereign and all through the balance of the service he squirmed and groaned, until his friend, Donald, said, "What's the matter? Why don't you sit still and listen to the Minister?"

"I can't sit still. I put a gold sovereign on the plate in mistake for a bawbee."

After the service, Donald said, "I tell you what to do. You go up to the front and explain to the Minister that you put a gold sovereign on the plate in mistake and maybe he will give it back to you."

Sandy was a good Presbyterian. He drew himself up to his full height and he said, "Nae, nae, I not ask it back. I gie it to the Lord—tae hell with it."

I want to say this afternoon something about the role of the British Commonwealth and Empire in a bewildered world. There is a tendency in our country today to discuss Great Britain in her time of difficulty and to treat her very much as one would treat a rather aged relative who has become a little eccentric and somewhat senile, and who must be hidden carefully out of sight and locked in the bedroom when some of the visiting cousins from the United States come in. We are rather apologetic for the old lady, because she is acting a little queer and having some troubles.

If three thousand miles of the Atlantic Ocean has given us that erroneous impression of Great Britain, then certainly it is an impression that ought to be corrected as quickly as possible.

As Beverley Baxter said a few weeks ago, Great Britain has embarked on one of the greatest social experiments in all history. Whether you agree with it or not, the fact remains that she is today working out a pattern which may well determine the future history of mankind. In a world torn between two ideologies, one of which stands for security without liberty, and the other for liberty without security, she is demonstrating to the world, as Prime Minister Atlee said, that it is possible to have individual freedom and economic planning, that it is possible to have social justice and also Democracy. She is trying to bring about that synthesis of political democracy and economic democracy, to demonstrate to mankind that economic planning and social security are not incompatible with parliamentary government. If she succeeds she may blaze a trail for the whole world.

There are those, unfortunately, on our side of the Atlantic, who sometimes for political purposes, and sometimes out of sheer ignorance, would like to magnify her difficulties, and even to find some comfort in her dire straits. Those people forget one or two things. They forget, first of all, that Great Britain has come through two major world wars within the lifetime and memory of most of us here, that in both of those wars she gave of her manpower and her substance without a stint, that she came out of the last world war having liquidated practically all of her great overseas investments upon which she depended for those invisible exports that enabled her to buy in every part of the world the raw material she needed for her great industrial regime. They forget also that since the war Great Britain, impoverished by the war, has poured into Europe three billion two hundred million dollars for the rehabilitation of the people of Europe.

I was never as proud of being a British subject in my life as I was in 1945 when I saw the British people on a mean and monotonous diet, with a limited ration of clothing, taking of their substance and shipping it into Europe, buying food from both Canada and the United States, thereby using up her rapidly dwindling supply of Canadian and American dollars, and shipping that food and other material to the people of Europe, doing without herself in order that she might feed the people of these countries, because she had been a long time in association with Europe, and she knows, as Abraham Lincoln once said, "No nation can long survive half slave and half free", so the world cannot long survive half full and half hungry. Great Britain knew, long before the rest of us realized it, that she must either feed the people of Europe or some day fight them, that she must either extend to them a helping hand or some day face them in combat.

The only possible rehabilitation of Europe was to begin with the kindliness and the assistance that would make it possible for Europe to stand on its own feet. She has poured of her treasure into Europe long before we or the United States had even begun. As early as 1935, as a matter of fact before the war, 80,000 refugees were in Great Britain and were being kept by the British Government. During the war I saw them flying Jewish children from displaced persons' camps, from Europe, over to Britain, and there at the airports British families and British agencies were coming to take the children into British homes. Even while the war was still on they were moving Dutch children from Holland over to Britain, there to be fed and to be taken care of before they could be sent back to their own parents. Even while the war was still on British ships and British workmen were helping to repair the dykes of Holland. Britain was giving of things that she needed herself to assist in the establishment of Europe.

Let us not think of Britain as a tired old lady, who is just a little queer in the head. Great Britain came out of the war, as I said, not only with her overseas investments almost completely liquidated, but with her great industrial potential, much of it destroyed by bombing; the rest of it, obsolete, because during the war she had not been able to replace it and it was worn out.

The British people have begun to rebuild that industrial potential, to build it by doing without the things they need daily in order to buy capital goods to stimulate the productivity so once more she may become one of the great trading nations of the world. She set for herself goals. They have had remarkable success in attaining those goals.

This year they have set as their target a fifty per cent increase in exports over 1938. I believe they may reach it. Last year they set as their goal something over 4.5 billion dollars. They reached 4.5 billion dollars, which was only 6 per cent short of the target they set of some 27 per cent increase over 1938 exports.

I sometimes meet cynical and skeptical people who think that the common man is innately selfish and that he will not cooperate for the general welfare of the community. I maintain he will cooperate for the general welfare of the community if he himself feels that he is going to participate in that benefit.

In spite of the fact that collective bargaining agreements with labour unions in Great Britain last year provided for a reduction in hours, the trade unions did not take that reduction in hours, but worked the same hours and in a great many of the industries actually increased their hours by two and a half hours a week. That is why they were able to increase their exports 27 per cent over the 1938 level.

I am not suggesting for a moment that Great Britain has no economic problems. Her economic problem mainly is that since she has liquidated her overseas investments she now hasn't credit in various parts of the world that enables her to buy the things she wants and she can only pay for the things she wants by exporting manufactured commodities.

As most of us know, for thirty or forty years, Great Britain has been our best customer. We, on the other hand, have been the United States' best customer. So we had a three-way trade route agreement. We sold to Great Britain, we established credits in the sterling area. Because of her overseas investments she was able to transfer those credits to the American market and we were able then to buy with the credit the things we needed on the American market.

That, Ladies and Gentlemen, is no longer possible. Britain can no longer establish those great credits on the American market, and she and we face a very serious situation.

I was looking at some trade statistics the other day that I think are worth while. I will not worry you with a lot of figures. In 1946 we exported to Great Britain 587.5 million dollars worth of goods, and we imported from Great Britain only 141.3 million dollars worth of goods. In 1947, last year, we sold to Great Britain 751.2 million dollars worth of goods, and we bought from her only 188.6 million dollars worth of goods.

In other words, we have been selling to Great Britain more than four times as much as we buy from her. If one looks at our export position we find that Great Britain is our best customer, particularly for agricultural and primary products.

Again, in 1946, for instance, our total export of agricultural products — that includes some inedible commodities, such as hides and so on — in 1946, our total exports were 937 million dollars. Of that amount, Great Britain bought 397 million. The United States was our second best customer with 212 millions.

Last year we exported 1,015 million dollars worth of agricultural commodities, of which Great Britain bought 460 millions, and the United States bought a little less than 160 millions.

In other words, Great Britain has been buying about forty per cent of the agricultural commodities which we export. The United States has been buying about fifteen per cent.

That cannot go on. It could go on in the days when Great Britain had great investments in the United States and could transfer our credit from the sterling area to the dollar area. Great Britain is going to be faced with one of two alternatives: Either she must start to find agricultural commodities in other parts of the world where she can pay for them in sterling, or she must be able to sell us sufficient goods to give her credit in Canada to buy Canadian commodities. It is just as simple as that.

In the Province of Saskatchewan we have been keenly aware of this problem for many years. Canada, of course, is primarily a great exporting nation, and in Saskatchewan our economy is almost entirely dependent upon the export of wheat, live stock, poultry products, mineral products and timber. We have recognized for a long time that if the day should ever come that Great Britain hadn't the necessary credit to buy our commodities that we would have an economic depression.

It is all right to talk about economic integration with the United States. There is a place for that. The fact remains that our economy and the American economy are not complementary, they are competitive. As far as Western Canada is concerned we export in competition with the United States, the same products that the United States exports. We can find no market there in normal times. Our market must still be Great Britain and Europe and possibly Asia. Great Britain has always been and I think can remain, our best and most reliable customer.

With that in mind in 1944 we sent a Minister of the Saskatchewan Government over to Great Britain to survey the situation. In 1945 we sent a delegation made up of business men, leaders of the Co-Operatives and Farmers Movement, to survey the situation and to bring back a report. We have carried that a number of steps. First of all we set up in London a Saskatchewan Agent-General to promote trade—a two-way trade that would benefit both the British people and ourselves. We have made available to British business firms lists of commodities which our people need which we think can be produced in Great Britain. We have made available to our business people and to our Co-Operatives in Saskatchewan, lists of British commodities which are available with prices and specifications.

We have been able to arrange for direct agreements between Co-Operatives in Saskatchewan and Co-Operatives in Great Britain, to exchange on a barter basis—that our co-operative flax-crushing mill is able, for instance, to exchange linseed oil for jute, manufactured in the co-operative mills in Great Britain on a straight trade basis.

The Government has been able to arrange for the bringing in of British cars, British tractors, which we are using on our Experimental Farms and University Farms as demonstrations for the farmers, to see if they can be used and to see if they are practical.

We have been able to get the interest of British shipping firms to bring ships into Port Churchill, and to bring British goods to Port Churchill, and for us to ship back wheat and timber from Port Churchill, with the result that last year we had the biggest amount of business go through Port Churchill that has ever gone through that Port in its peacetime history.

At this very moment a delegation is leaving Canada, a Saskatchewan Delegation, made up of business men, leaders of the Co-Operative Movement and the Farmers' movement, and they are on their way to the British Industries Fair being held in London and Birmingham, to study the various commodities which the British have on display there, with a view to seeing what commodities they have that we can use. It is not being done on the basis of some misty sentiment. It is being done because we recognize if we are going to sell wheat and bacon and beef and eggs and poultry and timber to the people of Great Britain we must make it possible for them to sell some of their commodities in our country and in our province.

I am sure you will not think I am boasting when I say this, that I am convinced that if every Government in Canada took aggressive and immediate action along those lines we could do a great deal toward making it possible for the British people to set up the necessary credit so that they might continue to be our best customer in the future as she has been in the past, and for us to say to the British people now, that whereas in 1940 and 1941 she stood alone, to say to her that she no longer stands alone and that we stand with her.

I have said something about the pattern which the British people are building up within their own nation. The British people are doing more than building up a pattern in their own country, a pattern which I think may eventually be followed in various forms by various parts of the world, but she is also establishing a pattern for international cooperation.

The British were the first to realize that Russia was going to be a problem. If you take the trouble to look at the meetings of the Big Four, the conferences in 1945 and 1946, you will notice that Mr. Bevan was voting against Mr. Molotov, whereas Mr. Byrnes was often voting with Mr. Molotov, because the British leaders knew something about Communism. They knew what Communism stood for. I am not one who thinks Russia wants war. I don't think Russia wants a war. I don't think Russia is in any position to fight a war. All the best authorities believe that at the present moment Russia is not in any position to fight a war. We have mistaken Russia's intention. The British people didn't make any such mistake. The British people knew the Communists. They recognized that one of the aims of the Communists is to keep a country in a constant state of turmoil so you may create a revolutionary crisis in which a small group may seize power and establish a dictatorship. So their plan was on the international scale to perpetuate chaos, to continue disharmony, because they knew that a Europe on the way to recovery, a Europe imbued with hope would be poor ground for Communist propaganda. But a Europe dismayed by chaos, despondent with despair and frustrated with impotence would fall into their hands like a ripe plum.

So they obstructed at every turn any attempt to rehabilitate Europe, believing that out of the chaos and the despair and the misery of Europe would come a great proletarian dictatorship.

There are people on this side of the Continent who, for one reason or other, like to lump Communists and Socialists together. As a Socialist, I never get angry about that, and I never protest about it, because I think if they are so stupid as to believe it I wouldn't convince them anyway, and if they are doing it with their tongue in their cheek, it doesn't make any difference anyway. But people who lump them together do a great disservice to men like Attlee and Bevin and Morrison and Schuman of France, and Spaak, of Belgium—these men who stand like a bulwark against the menace of Communism sweeping right over Europe. These are the men who recognized long before we did, that if Europe is to be saved from despair, free nations must band themselves together for the rehabilitation and reconstruction of Europe.

So the British Commonwealth, which before took in the United Kingdom and her Colonies and the Dominions across the sea, is today bringing into the ambit of its influence the people of France and of Belgium and Holland, and Luxembourg, and the Scandinavian countries, and now that the so-called Marshall Plan, or the European Recovery Programme is in progress, the United States now is becoming a part of the same programme.

You see what is happening. The British Commonwealth, the principle of the free association of Free Nations is being enlarged, so that today, for the first time, instead of merely standing back and railing against the menace of Communism, we have given dynamic, democratic action of the free nations banding themselves together for their mutual protection and for their economic advancement.

Does that mean, you may ask, that we are not going to have one world, but two worlds? Not necessarily. Prime Minister Attlee said in one of his speeches in the British House of Commons "The United Nations is still the overriding factor in Britain's foreign policy." I think that is true. I think Britain still hopes for one world, but if she can't have one world, at least she is going to have unity of the free world to work together and to prevent freedom being taken away from them, one by one.

Personally, I am not as pessimistic about the future as some. I believe that if the free nations come together as they are doing that it is not too much to expect that they may yet persuade the Soviet Union of two things: First, that she need not fear aggressive encirclement. That fear and distress and suspicion is there, and with some justification in days gone by. And, second, it is not impossible to believe she may yet be persuaded that in her own best interests, instead of obstructing the recovery of Europe, that she is better to co-operate with the free nations of the world in rebuilding, not only Western Europe, but the rest of the world. I think it is not too much to hope that.

So the British are working for it. The British have never indulged in the sort of hysterical outbursts about Russia that sometimes characterize public utterances on this side of the Atlantic. The attitude of the British people with reference to Russia has been that of co-operation, if possible, but firmness, if necessary. Maybe out of that policy they will bring the nations of the world together.

Great Britain has had three great eras. The first great period was the period when the Empire was being formed—a period when we were conquering parts of the world, sometimes by fair means, sometimes by foul—the days when the missionary led the way, followed by the trader and then the flag and then by the British navy. But the great Empire came out of it.

The second period was in the 19th century, when Great Britain and her Commonwealth and Empire bestrode the world like a Colossus, when the economic power and the British Navy and the British Army maintained the Pax Britannica. It was a great era. It had some defects but it was a great era.

We are now moving, in my opinion, into the third period, when Great Britain, no longer is the greatest economic or the greatest military power in the world. It certainly isn't. But it is a period when her capacity for moral and spiritual leadership may yet make her the recognized leader of the world, when she is working out, not only within her own borders, but in her relations with other nations patterns which may well blaze trails for the rest of the world to follow.

Churchill coined one of the fine phrases during the war when he said, "This is our finest hour". Well, after Dunkirk was one of their finest hours, but the day may yet come, Ladies and Gentlemen, when their finest hour will be when the British Commonwealth in a bewildered world, by her example of how free nations can freely associate for their mutual benefit may have extended her influence and have brought more and more nations into association, until the time shall come when the United Nations shall become what it was hoped it would be, a World Government, a World Parliament, a World Court, whose decisions would be backed by a world police force.

Is that to much to hope for? Surely not. Surely not when a Commonwealth which started with some English and Scotch and Irish fighting among themselves, and which has now grown until today it includes in its influence the people of France and Belgium and Holland and the Scandinavian Countries, surely it is not too much to believe that the same principle and the same free association of free people will one day envelop the earth.

These things shall be: a loftier race
Than e'er the world hath known, shall rise
With flame of freedom in their souls
And light of knowledge in their eyes.

They shall be gentle, brave and strong,
To spill no drop of blood, but dare,
All that may plant man's lordship firm
On earth, and fire and sea, and air.

New arts shall bloom of loftier mould,
And mightier music thrill the skies,
And every life shall be a song,
When all the earth is paradise.

(Applause.)

THE PRESIDENT: I will ask Mr. Arthur Slaght to thank the speaker on your behalf.

MR. ARTHUR G. SLAGHT: Mr. President and Ladies and Gentlemen: I am very happy indeed to have been asked by your President to perform this pleasant task. I feel assured that after the magnificent address to which you have just listened I can say to our guest of today, the Premier of Saskatchewan, that we are all deeply indebted to him for the thoughtful, clear and forceful address which he has just delivered.

I have known our guest for a good many years, perhaps longer than most of us. We entered the House of Commons together in 1935—he, from his Province, and I, from the District of Parry Sound, and we sat opposite each other for nine years, I think it was, until he went to another field where he has distinguished himself greatly. We don't all agree with some of his political doctrines, but that, I think, can make our tribute to him today all the greater, because he has discussed a topic of vital interest to every Canadian.

We used to row across the House, politically, as I remember it, in no uncertain tones. I am not sure that I knew at that time about his prowess in the boxing field, but I do think I can say that I agree with the Governors of the University of Manitoba when they conferred on him the Gold Medal for Dramatic Oratory.

You have listened to an unique address today, and I have been listening to speeches in courts and in Parliament for forty-eight years, and I say, with all sincerity, and I know I speak for you all when I say—we used to call him "Tommy" in the House of Commons, he is now the Premier of Saskatchewan—from the bottom of our hearts we are grateful to you, Mr. Premier, for your masterful address.

(Applause.)

THE EMPIRE CLUB OF CANADA

"THE ANNUAL MEETING"

Chairman: The President, Mr. Tracey E. Lloyd

Thursday, April 29, 1948.

Mr. Lloyd: Gentlemen: As you have already been notified, this is the annual meeting of The Empire Club and the closing meeting for our year 1947-48. In accordance with the constitution I will not make a complete financial report as the audited statement will appear in detail in the Year Book. However, owing to the increased cost of paper and printing, etc., I regret to report a deficit for the year's operation of the Club of $529.53. However, we have a credit balance of $1,905.89, as well as Dominion of Canada bonds held $1,500.00.

Our membership figure has also shown a decline throughout the year to a total membership of 1,398, or a net decline of 46 members from a year ago.

We introduced 123 new members into the Club but sustained some heavy losses through death—24 members in all passing away during this last Club year, including one of our past presidents, Dr. F. A. Gaby. We trust that the next year will show substantial gains in membership as there must be many who subscribe to our principles and our motto, who are not members of the Club.

We also wish to express the thanks of the Club to the officers of CJBC for broadcasting each week the addresses from our Club. I might add that these broadcasts are without expense to us.

I would like to particularly express my thanks to the Chairman of the Speakers' Committee, Mr. T. A. Pugsley, who has provided excellent speakers throughout the season and who has co-operated in every way with your President.

I would not differentiate between any of our speakers but would suggest that it must give Mr. Pugsley and our members a great deal of satisfaction to know that one of our guests throughout the year. Mr. Paul G. Hoffman, President of the Studebaker Corporation, has been chosen by the President of the U.S.A. for about the biggest job in the world today—the distribution of European relief.

I wish to express my gratitude to the Executive Committee you elected a year ago who have supported me in every way throughout the year and have assisted in the administration of your Club. Our various executive meetings have been fully attended and every member has been willing to do their full share in our successful operation.

I will now call upon Squadron Leader Norman A. Nunn, Chairman of this year's Nominating Committee to read the report of that committee.

SQUADRON LEADER NUNN: Gentlemen: The following recommendation of the Nominating Committee for the year 1948-49 has been submitted:—

Officers:

President—Mr. Thomas H. Howse.
1st Vice-President—Mr. T. A. Pugsley.
2nd Vice-President—Mr. George Hardy.
3rd Vice-President—Mr. Sydney Hermant.
Honorary Secretary—Mr. R. Ford Ralph.
Honorary Treasurer—
and Treasurer—Mr. W. W. Comber, C.A.
Honorary Auditor—Mr. H. T. Jamieson, C.A.

Executive Committee:

Col. F. F. Arnoldi, D.S.O.
Mr. W. L. Anderson.
Mr. H. C. Bourlier.
Mr. J. A. Cole.
Mr. H. G. Colebrook.
Brig. Colin A. Campbell, O.B.E., D.S.O.
Mr. S. S. Fletcher.
Mr. Frank Gerow.
Mr. John W. Griffen.
Mr. Warren B. Hastings.
Mr. Horace Harpham.
Mr. G. A. Lascelles.

Sq./L. Norman A. Nunn.
Mr. J. P. Pratt, K.C.
Major A. O. Thompson, M.C.
Col. J. E. Wilson, M.C.

Ex-officio members of the Executive Committee:
Immediate Past President: Mr. Tracy E. Lloyd.
Past Presidents:
Mr. Ellis W. Wilkinson
Mr. William Brooks.
Col. A. E. Kirkpatrick, V.D.

I move that this report be accepted.

MR. TRACEY E. LLOYD: Gentlemen: You have heard the report of the nominating committee, which has been duly moved by Squadron Leader Nunn and seconded by Mr. Charles LaFerle, are there any further nomintions?—there being no further nominations—I declare the nominations closed and those whose names you have heard read, to be elected by acclamation.

I shall now call upon our President elect, Mr. Thomas H. Howse, to speak to us.

EMPIRE CLUB NOTES

Mr. Chairman and fellow members of The Empire Club of Canada. I cannot let this opportunity pass without telling you how deeply I appreciate the great honor you have conferred on me today in electing me as your President for the coming year, and I fully realize that in common with all honors of this nature, it carries with it no small measure of responsibility.

I would also like, on your behalf, to extend to our retiring President, my good friend Tracy Lloyd, our hearty congratulations on a very successful year, and our sincere thanks for his untiring efforts in the interests of the Club throughout the past year. I am sure we have all greatly enjoyed the meetings under his very able chairmanship, during which his natural wit and humour have at all times been very refreshing.

In conclusion, gentlemen, may I just say that with the assistance of the excellent executive committee which you have elected to support me, I am looking forward to the coming year with every confidence and will do my utmost to maintain the traditions and promote the purpose for which the Club was founded, which is crystallized in our motto "Canada and a United Empire."

. . . .

"WHITHER"

An Address By

MAJOR STUART ARMOUR, D.S.O.

Chairman: The President, Tracy E. Lloyd

Thursday, April 29th, 1948

Distinguished Guests, Ladies and Gentlemen:

We welcome to our closing meeting of the 1947-1948 addressed the Club a year ago last October. Major Armour served in World War I from 1914-1919, being awarded the D.S.O. and the Belgian Croix de Guerre for his services, and in civilian life is a well known journalist and author, was associated with Mr. Gilbert Jackson, and is now Economic Adviser to the President of the Steel Company of Canada.

Our Guest of Honour both writes and speaks effectively and convincingly and today he has chosen a subject which gives him a wide scope.

I will now call on Major Stuart Armour, D.S.O., who has chosen as his subject:

"WHITHER"

Major Armour: Some eighteen months ago it was my privilege to address the members of this distinguished body. At that time, the title of my talk was, "Do We Face Ideological Conquest?". While that still stands as a question unanswered, it does seem to me possible that it may be a question already somewhat out-of-date. That is not to say that the danger of ideological conquest has disappeared, but rather that freedom is now locked in so deadly a conflict with totalitarianism that other sorts of conquest may be attempted.

Make no mistake about it, a world-wide effort is now being made, as our Prime Minister put it at Williamsburg recently, "to establish a tyranny over the human mind, to thwart the wills and destroy the souls of nations as well as of men". Who wins this bitter conflict will determine the shape of things to come for many generations.

On one side in this vital and never-ceasing struggle are the Totalitarians — fanatical, ruthless, and completely unscrupulous. On the other are those who still believe in personal freedom, and the largest possible measure of self-government.

The Totalitarians all know we are in a war; and they act always on that assumption. The lovers of freedom, on the other hand, are apt to feel there is, perhaps, something to be said for this or that piece of Marxian legislation; and that anyway, men with good Anglo-Saxon names cannot really be such bad fellows after all.

Whither, then, are we headed? Or if you prefer more colloquial language, "Where do we go from here?"

We are still, I take it, by and large a freedom-loving people. As such we are presumably still believers in that system now usually described as free enterprise, but which I prefer to call by the simpler and more forthright word, capitalism. But our freedom of action seems to become less almost every day. Always, of course, dictatorship over us is extended for the best of motives or "in the public interest".

Our individual freedom does not belong to any one class of our population; it belongs to every Canadian. Quite uniquely our freedom is something to which we have all contributed, and in which each of us has a share. Out of that individual freedom, and out of capitalism, which is at once both the cause and an effect of such freedom, we have made progress here almost unmatched in all the world. Yet despite the benefits we still enjoy and the new vistas which now open before us, there are those who weep because we Canadians are not so happy as those who are said to enjoy the fruits of collectivism.

We are being, for instance, asked, in all seriousness, to contemplate the superior joys of living in Britain or Scandinavia or Australia or New Zealand. Our socialists even go so far as to say, "Planning on behalf of the common people means abundant production and efficient distribution." Ask the British people for their frank comments on that one! They also say, "Planning does not mean regimentation". Get a Latvian, a Czech, a Bulgarian, a Roumanian, or a Russian to comment on that one—if you can!

Let us, then, examine together, briefly, some of the things which are being said and done these days against our freedom in this our own country. By doing so, perhaps we may find means of defeating those who seek to "thwart the wills and destroy the souls of nations", and may thus play some part in the preservation of individual freedom—surely the most valued of all our possessions.

One of the wonders of this era is the wonderful nonsense which hundreds of thousands of otherwise apparently intelligent people have come to accept as fact at the hands of those who are so plainly doctrinaires. Stranger still is the widespread acceptance as truth of the teachings of those who are so clearly animated by envy, hatred, and malice. The success of such egregious people in creating here a climate of opinion which has no real basis in the facts of our past accomplishments, nor in the promise which the future holds for us, is truly remarkable. In the light of that success, many Canadians have been brought to believe they should, sheep-like, follow almost any course of action which the enemies of capitalism may care to suggest. Consequently, many Canadians now feel we should do things which are by no means consonant with our own circumstances, solely because of what has been done in Britain, or New Zealand, or Sweden, or Denmark.

This is Canada. We have an economy which is unique. Our national economy is no more like that of the countries I have mentioned than our climate is like that of Hawaii. Yet over and over you hear it said that we should have this law or that regulation because New Zealand has it, or Sweden has it. You only have to look at our statute books to realize the extent to which we have already been led astray in this respect.

How far many Canadians have lost faith as to the future of their own country was disturbingly indicated in two Gallup Polls held within the past eight months. The first poll indicated that no less than 50% of the people of Canada favoured a government guarantee to "every person" of "a decent steady job". The second, taken in February, 1948, found that 38% of our people would rather work for government than in business.

Whether the 50% of the people who answered the first Gallup question as they did realised it or not, they were in effect asking the Government to become their employer. Surely these people must realize that government itself produces nothing. Should it not be clear to anyone who can reason, that any and all government lives only by levying upon the productivity of its citizens?

Under capitalism, and the individual freedom that goes with it, overall productivity has risen during this century in Canada to heights hitherto regarded as fantastic. But, more important still, per capita productivity has also tended to rise with it. Thus our people have long enjoyed not only liberty, but real income far in excess of that enjoyed by all but those who share this great continent with us. Hence it is that under capitalism and personal freedom we have acquired amenities in such abundance. In fact we take for granted things which are beyond the reach of most of the rest of mankind. And remember that the telephones, motor cars, radios, washing machines, and other comforts we enjoy have not been a result of economic planning, or of state control. They are the fruits of capitalism and free enterprise.

Those who told the Gallup pollsters they favoured a Government guarantee of their jobs were saying, in effect, that they wished to live according to the Russian pattern.

Now I suspect that neither that half of the people of Canada, nor the other half, actually wishes to live according to rules laid down by the Kremlin. But in the face of the proposals put forth nearly every day for solving fundamental economic and social problems by government fiat, it is small wonder that so many of our people are so confused that they have come to feel rather than to think.

Of course, the creation of confusion is one of the prime objectives of those who seek to use economic and social chaos as a stepping stone to political power. Unless one does feel that our people are merely confused, the response to those two Gallup Polls would, indeed, indicate a loss of courage so dangerous in its implications as to be really frightening.

Whether or not that be the case, the responses do serve as an illustration of misplaced faith; for they clearly indicate a belief on the part of a very substantial proportion of our people that government is endowed with the ability to provide happiness and prosperity without reference to the economic facts in the case. Let it be emphasized and reiterated, government has no monopoly of wisdom. For proof of that statement, look about you.

Of course, the Russian Government has tried, by crushing individual freedom, to raise the appallingly low standard of living of its people. But not even the most rabid enemy of Canadian business or the Canadian way of life would attempt, I think, to prove that they have yet succeeded in coming anywhere near what has long been taken for granted in this country. Certainly they have not succeeded in matching either our economic or our social achievements; for it can be said with truth that the least fortunate of our people have long enjoyed, and still enjoy, far greater comfort, as well as far greater personal liberty, than the average Russian; or those living within the Russian orbit.

As I have already suggested, those who answered the questions posed by those two Gallup Polls would probably recoil from even a suggestion that they favoured the Canadian adoption of the Russian way of life. If they were cross-examined, it would probably develop they favour a "planned economy" or "government ownership", or perhaps "democratic socialism". These are all current shibboleths, and one can understand their unwary acceptance by people with a multitude of personal affairs to engage their attention.

Many of those who talk about democratic socialism really favour socialism without any qualification. Such people simply tack on the word "democratic" in order to allay the fears of those who instinctively realize that while socialism and totalitarianism may initially appear to differ in degree, they ultimately must become indistinguishable. In fact, one of the most impressive performances to be observed today is the persistance and skill with which socialists, and Canadian socialists in particular, seek to make democracy and socialism interchangeable words in the public mind. They came to be freely used side by side all over Europe when, after World War I, those who disbelieved in capitalism overthrew existing governments. Hard on the heels of the march on Rome came the ruthless dictatorship of Mussolini, himself a life-long Socialist, and Social Democracy in Germany soon gave way to the tyranny of Hitler. In Russia, while Kerensky may not have actually described himself as as Social Democrat, his programme was full of the sort of windy liberalism which has usually proved but the first step toward socialism. Furthermore, the Menshevik, or Social Democrat wing of Communism, helped Lenin and Trotsky to power in Russia.

After World War II it was again the Social Democrats who helped to make possible the engulfment by Communism of such countries as Hungary, Roumania, Bulgaria, Poland and Czechoslovakia. Furthermore, in all the countries over which the freedom-loving people of the Western world are now so gravely concerned, you have regimes which claim to be both socialist and democratic.

Let a Canadian authority in the person of the Rev. Charles Herbert Huestis testify to the affinity between Communism and socialism. Writing in the Toronto Star of April 13, 1948, Dr. Huestis said: "When a Soviet citizen works he never forgets that he works socialistically." In the same article, Dr. Huestis goes on to remind his readers that Communism in Russia is not yet an achievement, but rather an objective. "The present Russian state", he says, is "socialism". Thus there does not appear to be, in the mind of this widely quoted Toronto Star philosopher, any very basic conflict between Moscow and the aims of Canadian socialism.

It is, of course, a fact that Communism has not yet been able to achieve power in any country which has remained true to capitalism. Here is a fact of enormous sgnificance to each one of us here today: yes, and a fact of equal importance and significance to our children and their children.

In the face of what has happened to the world since Lenin, Trotsky and their handful of followers seized power in Russia in 1917, one is driven to the conclusion that socialism is the Trojan Horse of Communism. In this connection, the executive committee of the British Labour Party made the following declaration after the fall of Czechoslovakia:

"Communists cannot achieve their aims without support from a minority within the camp of Democratic Socialism. As in Czechoslovakia, so in Hungary, Roumania, and Bulgaria, individual socialists, by permitting or abetting Communist attacks on democracy, have connived at their own destruction."

Britain's White Paper, "Economic Survey for 1947", admitted that "the task of directing by *democratic methods* an economic system as large and as complex as ours is far beyond the power of any governmental machine working by itself no matter how efficient it may be". Thus, the idea of democratic socialism would seem to have been hit pretty hard in a publication of the British Socialist Government itself; for is not the very essence of socialism the "directing" of an economic system, no matter how large and complex it may be? And does not the British White Paper declare democratic methods to be inadequate to such a task? In other words, events have proved that bureaucratic economic planning and democracy cannot go hand in hand.

Communist dictatorship has so far been unable to achieve power in any country which did not first succumb to the blandishments of the Socialists. That, of course, is why the Communists and their fellow travellers in Canada are now so anxious to climb aboard our own socialist band waggon. There is a natural affinity between all leftists, since, in the final analysis, they all look to Karl Marx as their prophet.

Lord Inverchapel may say, as he did in Chicago recently, that the British Socialists reject Marx and Engels. The fact remains, however, that the Socialist programme now being carried out in Britain, was very largely laid down by Marx and Engels, one hundred years ago in the Communist Manifesto. Furthermore, the British coal miners, and other large and powerful labour groups in Britain, are directed by avowed Communists. Moreover, when the test comes, there appears to be a tendency for all left-wing elements to coalesce in a common front against capitalism; even though the disastrous experience of France under the Popular Front of Leon Blum in the late 1930's now makes the leftists leery of adopting any such damaging label.

Observe how closely the Communist Manifesto, issued 100 years ago by Marx and Engels, does parallel the objectives of the British, our own and other Socialist parties, Here are some of the principal objectives set forth in the Manifesto:

Abolition of private property.
Abolition of the right of inheritance.
Centralization in the hands of the state of credit, communication, transportation, "factories and instruments of production".

The Manifesto says further that private property is the enemy of the people, and only by its elimination can the ends of Communism be attained.

As part of its drive to achieve what are after all the objectives laid down in the Communist Manifesto, the

Socialist Party in Great Britain has already nationalized the Bank of England. It has also nationalized all forms of transport, the generation of electricity, the manufacture of gas, and the mining of coal. The doctors of Britain may have escaped being turned into civil servants for the moment, but the British steel industry, despite a growing demonstration of efficiency, is still slated to fall under state ownership. Even British farmers are now told what they may or may not grow; and the owners of houses and other real estate are coming more and more under government regulation of one sort or another.

In Canada, our own socialists, and their Communist fellow-travellers, plan to follow the Marxian line by taking out of private ownership the life insurance companies, banks and the steel industry. These proposals, ambitious though they may seem, must, of course, be only a sort of appetizer. For the failure of state ownership and operation to match the efficiency of private operation always leads to the desire, if not indeed to the necessity, of taking over other industries. Thus in time all the "factories and instruments of production" fall into the hands of the state.

The Communist Manifesto lays upon Communists the definite responsibility of supporting any movement against the existing social and political order of things. Small wonder then that social democratic parties have already been used as stalking horses for Communism in half a dozen European countries, or that the Communists are now working so hard to ensure the political triumph of socialism in Canada.

But there are sincere people who argue that so long as an electorate is free to vote a socialist government out of power, there is nothing mutually exclusive in the words "democratic" and "socialism". This, as I have tried to show, is by no means the case; for if you elect a socialist government to power, and that government carries out its duty (which is to impose socialism), then you are committed to a new way of life. Furthermore, make no mistake about it, you have thrown freedom of the individual to the winds.

Further still, if a socialist government is true to its principles, that commitment to a new way of life is well-nigh irrevocable.

The governments of Russia, Italy, Austria, and Germany after the first World War each started with democratic aspirations in varying degree; all found themselves driven to totalitarianism. So it is hardly surprising that in Britain, as in Saskatchewan, we find today a socialist government strongly impelled in the same direction. Indeed, there appears to be so great an inevitability about such things that one almost suspects the operation of a natural law. As Premier Garson of Manitoba pointed out on June 9th, 1947, in his extremely able and immensely important broadcast, "How Free Are the Free Services of Any Government", and I quote:

"There is not a police state in Europe for which the way was not made clear by building up the conception in the minds of its people that they must look mainly to the government for maintenance, support and initiative."

Since totalitarianism appears to be the inevitable end result of socialism, one marvels particularly at the present-day actions of some of our Canadian labour leaders. For organized labour has never demonstrated any ability to survive the sort of all-out Marxian socialism, complete with police state methods, which seems always to have followed the large-scale taking over of industry by the state. In fact, while the organized workers were the mainspring of the Russian revolution, and amongst the original supporters of both Hitler and Mussolini, they have been the greatest sufferers under Communism, Fascism, and Naziism, which, as I need scarcely remind you, are all forms of socialism.

It is possible, of course, that some of our leaders of organized labour picture themselves in the role of directors or commissars of industry, should they be able to sell socialism to the people of Canada. But history has proved over and over again that those who instigate revolutions seldom long survive as directors or dictators.

True, at the moment, organized workers are still the pampered darlings of the British Government. But unless that Government—and with it the mass of the people of Britain—are prepared to see British organized workers reach the position of being able to sell the office of Prime Minister to the highest bidder, then organized labour in the United Kingdom must eventually be curbed. The late Henry C. Simons, of the University of Chicago, and one of America's top-flight academic economists, put the matter thus in 1944:

"There is no place for collective bargaining, or the right to strike, or for effective occupational organization in the socialist state. And every intelligent Socialist, whatever his public utterances, knows as much."

But despite this knowledge, a determined effort is even now being made by some of the most influential of our labour leaders to persuade the rank and file of the Canadian organized labour movement that socialism can give and will give our workers a better deal than they now enjoy. Unfortunately, thanks largely to the misplaced faith of so many people, this doctrine finds considerable acceptance outside the ranks of organized labour . One finds ministers of the gospel and teachers, and even some academic economists, prepared to argue that labour would be better off under socialism than under capitalism.

However, since the current trend in Britain shows signs of following pretty closely the pattern already established by the pursuit of socialist goals in Russia, in Italy, in Austria, and in Germany, one can hope the people of Canada will come to realize the dangers to individual freedom inherent in socialism before it is too late. In fact, the people of this country are daily being subjected to a highly salutary course of instruction by the news out of Britain; which goes to show that even in a freedom-loving country, austerity and ever more stringent regulations are inevitably the result of abandoning capitalism in favour of stateism.

It has been argued that one must differentiate between the Communist left and the non-Communist left. But it seems to me that so long as leftists hold to the common objective of the state ownership and operation of industry, transport and other businesses, they may quite logically be lumped together. My attitude is that since they are all perforce bound in practice to become totalitarian, sooner or later, it does not greatly matter what label they may choose to wear in the meantime. Perhaps Euclid set this whole matter in its proper frame when he wrote: "Things which are equal to the same thing are equal to one another."

Is it perhaps fair on the basis of my analysis to say that we now stand in need of greater watchfulness than has hitherto been necessary? After all, Communism is clearly still on the march, and we are still sitting midway between Russia and the United States. A country in that possibly perilous position cannot, I submit, afford to give encouragement to political movements which have for their objective major changes in our economy or our long-established way of life.

Together with the United States, we constitute the last remaining citadel of capitalism on this earth. We are, therefore, together with the United States, one of the few remaining countries capable of helping those who have chosen to compound their difficulties by embarking upon bureaucratic economic planning. Thus, we are being called upon today to do our part in bailing out countries which have embraced state ownership, social security programmes, and other socialistic devices far in excess of what they can afford.

If you protest that we have nothing to worry about since the U.S. will take care of us, then let it never be forgotten that our own dependence upon U.S. assistance and goodwill is, and must remain, very considerable. In fact, that dependence might well be regarded as yet another argument for avoiding the possibility of putting ourselves out of step with Uncle Sam economically, socially or politically. If we desert democracy for stateism, we shall be untrue to the North American tradition, and we shall soon find ourselves cut off from the great benefits of that tradition.

These are all matters for earnest consideration as we make up our minds as to how we shall meet our manifold problems. Because of the position in which we now find ourselves, is it not in fact incumbent upon us to take very serious cognizance of opinion elsewhere than that within our own borders?

However, not deterred by the spectacle of Britain and other European countries striving with little success to recover their places in the world, while heavily encumbered by the high taxes demanded by socialistic measures, there are those in Canada who wish us to go and do likewise. Such people may protest they are only trying to improve the lot of their fellowmen. But I submit that in reality they are, unwittingly or otherwise, setting the stage for chaos.

No country with an economy tied to world markets can afford socialism. If we, who are probably more dependent on world markets than any people on this earth, so burden our costs of production as eventually to price ourselves out of world markets, the day will surely come when we shall find ourselves deep in depression. Should that day come, we can look forward to a degree of social and political unrest very tempting to those who know best how to exploit chaotic situations of that sort.

As part of the current, widespread effort to subvert both capitalism and freedom, one sees developing a most diabolically clever attempt to convict capitalism in advance of the commission of a crime. If this sounds paradoxial, let me recall to your minds how often you have seen or heard lately some phrase or other to the effect that unless this or that proposal is promptly accepted, the resultant decline in purchasing power will bring us to economic ruin. Thus the stage is being well set to fasten upon capitalism (or business, if you like that word better) the blame for any marked recession from the existing highly artificial level of business activity. If we do have a recession, it seems certain that the failure of management to accept proposals not in consonance with the economic facts in our case, will be used as an excuse for more and yet more governmental control.

The principal and most dangerous of such demands would appear to be the following: Ever increasing wage rates, a forty-hour week, more statutory holidays, and additional paid vacations; and all, of course, without any *decrease* in the amount of take-home pay, and with no assurance of any increase in per capita productivity. These spread-work demands are put forward in the sacred name of "Full Employment". Parenthetically, it is interesting to read what the first of two British White Papers, issued last year, had to say on the subject of spreading work. These are the words of that White Paper:

"We must remove the idea of spinning out production in order to avoid unemployment or of restricting output in order to safeguard earnings."

These words in the British White Paper (in effect) tossed out the window some fifty years of British Trades Union and socialist teaching. Unfortunately, however, they have not yet been taken to heart by British Trades Unions; and as a consequence, Britain's economic position is still so serious as to cause the gravest alarm throughout the Western world.

It is well to remember again that if capitalism fails to accept all the left-wing proposals, and there should be a depression, the Communists, Socialists and other left-wing elements will do their utmost to convict it of having caused all the grief and hardship inseparable from depression.

Perhaps, gentlemen, I have said enough here today to convince you that we are now, at this very minute, actually in the midst of a deadly struggle for the possession of the mind and soul of mankind. The fact that this is an ideological rather than a military struggle should not, I feel, blind us to its very destructive character.

The next step is, of course, for those of us who believe in freedom, and in capitalism upon which our freedom is based, to devise means of meeting the challenge of the Totalitarians; whether they be in the Government, the civil service, the trades unions, our colleges or the editorial rooms of our newspapers and other publications. Obviously every false or misleading statement made, or meretricious claim put forward, by the Totalitarians should be met by a factual rejoinder by the upholders of democracy. There must be an end to appeasement. Too long have those who believe in freedom allowed the battle to go against them by default.

It must, for one thing, be brought home to the people of this country, employers, labourers, and politicians alike, that the Canadian economy is a unique economy. Especially should the danger of doing things in Canada solely because they have been done elsewhere be pointed out to our people. The wage rates we pay, or the social services we provide, must be related to the economic facts pertaining to Canada; and not to those of other countries with markedly different economic, political, or social circumstances. That is not to say we should not follow the example of other countries in appropriate circumstances. But simply that we must be sure that the example we are being asked to follow is a good one for Canada, and not one which will eventually lead us down the path to economic ruin and into totalitarianism.

If capitalism is to be saved, and personal freedom thus preserved, it must never for a moment be forgotten that we are confronted by totalitarian-minded men and women who believe fanatically that our economic system has failed. They are equally sure in their own minds that those who oppose them are devils incarnate. Finally, all totalitarians embrace very firmly the deadly moral fallacy that the end justifies the means.

Totalitarianism is the proven enemy of freedom; and therefore we who love freedom dare not call anyone who espouses totalitarianism our friend. Defeat of this monster calls first for the recognition that it wears many faces —and then for the greatest possible measure of courage, endurance, industry and sagacity on the part of each one of us.

"A SALVATIONIST'S WORLD OUTLOOK"

An Address By

GENERAL ALBERT ORSBORN, C.B.E.

Chairman: The President, Thomas H. Howse

Special Meeting, Wednesday, May 5, 1948

HONOURED GUESTS, MEMBERS OF THE SALVATION ARMY AND OF THE EMPIRE CLUB OF CANADA:

The name "Salvation Army" is fraught with meaning. And I can think of many definitions.

To the soldier in the field The Salvation Army means a mobile "Sally Anne" providing tea and coffee. To the poor widow it means groceries, clothing, even furniture. To the immigrant, it is housing and aid in finding a job in a new country. To countless children, aged men and women, unmarried mothers and orphans, The Salvation Army has always been a help in need.

Primarily, of course, it is a religious movement, and all the material things I have mentioned are simply a means to an end which is the Salvation of Souls.

Today, The Empire Club is fortunate indeed to have as its guest of honor, General Albert Orsborn, International Leader of The Salvation Army, who is making a tour through Canada at this time which happens to coincide with the special campaign now in progress.

General Orsborn has been associated with the movement from his earliest days, when his parents, pioneer Salvation Army officers, were sent to establish work in Norway.

After his family returned to London, Albert Orsborn became a junior clerk at the Army's International Headquarters, where he served in several departments, each of which added to his store of knowledge and was fitting him for his life's work.

Later, when he entered The Salvation Army's training college, his ability and strong personality marked him for early promotion.

In due course, he moved from one responsibility to another, and in time undertook administrative work at the training college, where he became responsible for training young men as Salvation Army officers.

Following this, he went to New Zealand for three years, then was placed in charge of work in Scotland, and Ireland, and in 1940 was appointed British Commissioner with responsibility for evangelistic work throughout Great Britain.

The wartime emergencies of The Salvation Army among civilians and for His Majesty's Forces all came under his direction.

One of The Salvation's outstanding poets, his inspiring compositions which number over 250, have been sung the world over and few Salvation Army meetings take place without one or another of his songs or choruses being used.

General Orsborn has brilliant gifts as a public speaker and I am sure we are looking forward to hearing from him today.

I have much pleasure in introducing General Albert Orsborn, C.B.E., International Leader of The Salvation Army whose subject will be "A Salvationist's World Outlook."

Mr. Chairman and Members of The Empire Club of Canada: I am indeed happy and honoured to have the opportunity to meet you here today and to spend a few minutes in speaking to you about a Salvation Army Officer's world outlook.

But first of all, Mr. Chairman, permit me to acknowledge your gracious words of introduction. I noticed that you used, in referring to our War Services, a nickname that Tommy Atkins and the brethren in the other armies gave to the Salvation Army during the Second World War. We were and still are the "Sally Annes", and when you have a nickname you reckon you are well in with the troops. They never confer a nickname until they believe in you and honour you and we are glad to be known as the "Sally Annes" to the men and women in the Forces of The British Empire during wartime, and in these after war days.

It was indeed, Sir, my great privilege and honour to have something to do with that work during the days of war in Britain. At the beginning the work was difficult but later on the public came to recognize the sweeping, far-reaching values, and, as always, the British public rallied generously to our aid and we were able to carry our work far and wide, in introducing many elements which proved to be useful and pleasurable to the men and women in the Forces.

I think, Sir, I am tempted to tell you one story about that time—two, perhaps. One concerns the air raid period when we were reckoned to be an emergency service, on the spot within a few minutes of the bomb falling in the district. A flying bomb had come down in one of the London suburbs but almost before the civilian air raid relief could get there, the Salvation Army canteen turned up. One of the first Officers said, "Hello, Captain, where have you come from? Did you come down with the bomb?"

"No", said the Salvation Army Captain, "I followed it up from Dover."

And then Dunkirk. You remember that many of the British people thought and said, "Oh, it's a phoney war. Nothing doing. Nothing happening." The air raid wardens went to sleep on their districts, and the British public folded itself up to prepare for a long and uneasy period. War Services? Why should we bother about them? Why should we give our money to them anyhow? What is the Salvation Army doing, spreading itself out so much, and other bodies, seeing there wasn't such a sharp need?

Then all of a sudden real war came, and the terrific break-through in the north of France, and we lost a lot of money. You know, a Salvationist never minds collecting money but he hates losing it. We lost £65,000 in the German break-through in the north of France and we had to abandon some of our stores. Some of our Officers struggled out with as much of the money as they could carry, but we left a lot behind, and our losses were extremely heavy.

At that time there came a telephone call to help. I was at the National Headquarters. I had just become responsible for these Services. On the desk lay a pile of cheques amounting to about £30,000, to which I dare not append my signature for fear they would not be honoured at the bank.

Then the phone rang: Could we send some mobile canteens to the southeast coast, to the point of disembarkation, there to greet and refresh the weary men who were coming in their thousands from all kinds of craft in the Dunkirk invasion.

Well, Mr. Chairman and Members of this Club, I claim that the Salvation Army has never allowed the dollar to rule its policy. Our faith goes first, and the dollar follows after. So, although we were hard up, I said, "Go to it. Let us get the mobiles anyhow, and argue about the cash afterward."

We got the mobiles and we went down to the seaside and took our canteens into action and then we were able to help about 84,000 of the boys who came ashore after Dunkirk. That will always be a source of satisfaction to us.

One of them, finding his tongue in a manner unaccustomed to the British Tommy, for he is as a rule a soft, quiet individual who has very little to say and is not demonstrative, put his hand out and put it on the shoulder of the girl who had given him the refreshment, and he said, "God bless you, Miss. You are an Army of comfort."

Well, Mr. Chairman, the world may need a good many things at the present time, but I give it as my opinion, as I look out on the world and visit many parts of it, and find humanity very much alike if you scratch beneath the surface, I find that the world needs a new wave of understanding and plain human kindness, and as far as we in the Army are concerned, we are going to try to live up to the name Tommy gave us and be an Army of Comfort.

You referred to the fact that I began my duties as a junior clerk in our International Headquarters. Yes, indeed—six shillings and sixpence a week, if you please. It was wonderful in those days, and when we rose to twenty there was almost a financial crisis in the Finance Department, that anybody should be paid such a staggering sum for such small and humble services.

Any of you who know London know of the Lockhart's Residence. It is nothing like this Royal York Hotel, of course. In Lockhart's when I was a boy I got my daily meal in the City of London. There was a first class and there was a second class. The first class was distinguished from the second class because it had sawdust on the floor, and the second hadn't any at all. There I used to get my little bit of food. I slid down the bannisters to the annoyance of the saints of the International Salvation Army. I went up to the top of the building every day to collect the bill of fare, and then went around to the head ones to ask what they would like for their lunches, and at the appointed hour I, with the other little boys, took the meals around to the high and mighty of the Salvation Army. Some of them said "Thank you", and some of them said nothing.

Well, things have changed. The old Headquarters is gone. I watched it go up in flames in May, 1941. I stood in the heart of South London and saw what was happening, and I said to those around me, "It looks as though the city is in flames". The fire spread along the skyline from east to west and it looked as if at least the enemy had achieved its foul ambition and had set London on fire.

But, Members of this Club, I have recently come from London and I quote to you the words which may be familiar to you: The bombs has shattered our churches and torn our streets apart, but they did not bend our spirit, nor did they break our heart.

London still lives. London is just as good as ever.

When a man is tired of London he is tired of life. There is a great deal in London to interest one and a great deal in the Cockney character that is entirely charming, and I love to get back there and hear the dialects, and the twang which you have already noticed in my own speech because most of my mortal life has been spent in or around London.

I am not sure, Gentlemen, whether we are coming or going at present. Some people think we are getting along splendidly. Some people think we are not. There is complaint in the air, of course, but when was there not complaint in the air in Britain? We grumble while we work. We have music while we work, on the air, and we have other things while we work as well. In fact, I heard a man a little while ago give what I thought to be the classic statement of complaint against the Government. I don't say I underline his complaint. I merely repeat it to you as a factual story, because I thought it was good. I actually heard this fellow say to someone who was standing around him: "What a Government! We are governed by bureaucrats, who talk like democrats, act like autocrats, live like plutocrats, and they are anything but aristocrats." He left nothing for anybody else to say about the Government.

The Government is a proper object for anybody's attack in any country at all, no matter what the Government may be. A great deal of complaint is entirely illogical.

I say at present we are not quite sure whether we are coming or going. Some people think we are getting along very well. Others do not.

I will tell you the story of the man at the lights. He drove up in what the U.S.A. people call a jalopy. There are very few other cars on the roads now in England. We have to be content with cars of ancient vintage. You must go to Guatemala, as I have been, to see the pottery of the best kind, and you must go to Egypt, as I did not long ago, to see up-to-date English cars. You might see one or two on the roads somewhere else, but you won't see them in Britain. That is entirely as it ought to to be at present. Nevertheless, we see in London the broken down cars, often at the lights.

This man is fuming and fretting, as you would if you broke down at the lights and couldn't get on, and the light came from green to amber to red, to green, to amber to red, and to green—and still your wretched car won't move. At last the London "Bobby" walked over to the car and put his head inside and said, "What's the matter, Chum? Ain't we got a colour that you loike?"

Well, that is typical of London. That is London all over. And as I say, we are not quite sure whether we are stuck at the lights or not, but the Londoner keeps his good humour just the same.

Mr. Chairman, you did say one thing that I wish you hadn't said about me. You told this company of business men that I am a poet. That is no commendation to a company of businessmen. When I first commenced to write I was in an office in the City of London, and I took my budding effort along to my Manager, and the moment I took it out of my pocket and said to the hard-boiled London businessman, "Excuse me, Sir, I have been writing a verse or two—I wish you would tell me what you think of this"—he said, "Oh (for something or other's sake) Osborn, don't get the illusion into your brain that you can write poetry. The craziest maggot that gets in the brain of any man is the illusion that he can write verse. A good many men have been spoiled by it. So don't you do it."

You are expecting me to say something about the international outlook of the Salvation Army. Well, we have an outlook. I would say, to begin with, if you are not familiar with the inception of our movement, that it began in 1864. Of course I was not there to help it. I came along a little later. That wonderful man—we could almost be accused of denominational pride—William Booth was one of the outstanding men of the 19th century in England or in the Empire or, indeed, in the world, for he became a citizen of the world, and was known everywhere, and he had the joy that comes to a few men of seeing his work come to full fruition within the term of his own life.

William Booth began in the dark and unpromising field of the east end of London, where half the population was habitually below the poverty line. It was a sea of degradation and misery. Many of the people were in constant unemployment. There the Salvation Army began.

I do not wonder, Mr. Chairman and Friends, that when William Booth and the little band that he gathered together—he began alone but he gathered a few friends after a time—I do not wonder that when they stood in those slum areas and sang:

> There is a better world, they say—
>   Oh, so bright,
> Where sin and woe are done away,
>   Oh, so bright.

that the poor looked up and felt a new hope, for our Salvation Army scheme of things was never pie-in-the-sky. It was always a practical expression of religion. It had to do with the here and now as well as the hereafter, and William Booth's gospel, expressed in that old time hymn of the Salvationists was a practical gospel for the poor and the needy and the outcast. He began there.

And might I point to you, Friends, that this movement, by the way, is still a movement—it has not become static. I am happy to realize that when I was elected, not quite two years ago, to be the International Leader of this Army, there was no point in which the High Council of the Army gave me to understand that they wanted me to act like the Curator of an interesting collection of Salvationist relics. Rather they gave me the idea that what I was to do was lead a fighting army, to think on our feet, to adapt ourselves to the changing circumstances of the modern world, not to attempt to ride around in the modern traffic on the old-fashioned tricycle, but to try to be up to date in our methods although unchanging in our principles.

William Booth was part of a great movement. I am going to suggest to you, Gentlemen, that the Salvation Army was one of the great freedom movements of the 19th century, that as the Wesleyans in the 18th century were part of the agrarian movement in England, so the Salvationists of the 19th century were part of an industrial revival in England. At the time when the Army came to birth there were great movements abroad in the world. Is it not significant—pardon me if I think aloud in your presence and say to myself, as the leader of this movement, that it behooves us to look around and see whether the banners of Freedom are flying today and whether they will fly tomorrow, and what we are going to do in connection with them.

We came to the birth at the time in human history when there was a great resurgence of the human spirit everywhere. We came to the birth at a time which has been described by Professor Trevelyan, of Oxford, as the most formative period in world history, between the era of Napoleon and the outburst of the First World War. There were great things stirring if you cast your eye over the history of Europe at that time. The last shots of the Garibaldian revival in Italy were dying down, and the constructive part of that programme was coming into effect.

If you think of the Red Cross, that great movement with which we have co-operated during the war, it is significant to my mind that it was one year before this Salvation Army movement began that the Red Cross movement—the result of the work of one of the greatest women who ever honoured the British Empire, Florence Nightingale—that great movement was endorsed at a Convention in Geneva in 1864.

Sir, am I right in saying that it was in 1865 that Abraham Lincoln inscribed the amendment to the Constitution on the law books of America? I think I am correct that it was that year that happened.

If you look at our own country, Britain, during that time, here is John Stuart Mill, commencing to write his great essay on Liberty. Here he is starting agitating for that which ultimately concluded in a rather riotous way under Miss Pankhurst in the Suffragettes. John Stuart Mill started a campaign for the extension of the franchise to women.

What do I see in Industry at that time? I see the shackles falling off the chain gangs in the mines of Britain, for up to a time just before the Salvation Army came to the birth, not only men but women and children were working under conditions which were brutish and nasty, and human life was brief in the coal mines of Britain. We see many other things stirring in the world around that time.

Gentlemen, may I ask you at this after luncheon speech, though I am not trying to concern your minds with too heavy and too profound contemplation, may I not ask you is it not about time that there was another such resurgence of human spirit? Is there not a need in the world today that not merely one man and another yonder should bestir himself in the cause of Freedom and for the love of Liberty and for all things good and beautiful, but that all men of good will, small men as well as the greater men, should band themselves together to defend the things for which our forefathers fought and died, so this generation shall never be accused of carelessly throwing away the benefits conferred upon it by earlier and noble generations of men and women?

I claim, Mr. Chairman, that the Salvation Army was a Freedom Movement, that it was born, not obliquely, not in contradiction to the spirit of its day. I would argue that it was not a contradiction, but that it was complementary to and part of the spirit of the time, Religiously, of course, we were the stormiest wind that ever blew through the halls of Orthodoxy. We announced ourselves, I see as I look at some of our old propaganda leaflets, in this way: General William Booth, at the head of his Local will advance upon the City of Coventry on Sunday next. The troops will encamp in Pool's Mill, and will open fire at 10.00 o'clock.

Well, that is the way General Booth announces an evangelistic campaign. It always sounds rather militant and military. We are military, in a way. We borrow a lot of things from the Military. We borrow their titles—Generals, Colonels, Captains, Lieutenants, and what not, and we have other military terminology, but don't run away with the idea that we borrow all the military language. We are quite discriminating about that. Some of it is not appropriate to our work, but we have the spirit of militancy.

And, speaking seriously, we want to be part of the Church Militant. Indeed, we are, and we believe that we shall be found to be part of the Church Triumphant.

The Salvation Army then was, and is a Freedom movement in the world, and I am bound to ask myself whether that is understood. Many people have strange notions about us. I wonder if from my more serious dissertation upon the theme of our movement I might turn to the lighter vein. Sometimes I am amused at what people think of the Salvation Army. I have been honoured twice since I came over to the western world in being taken for a hotel porter. I was very pleased about that. As a matter of fact, I played up to it. When I was in New York a man came into the vestibule, and asked for a shoe shine place. I said, "Downstairs, first to the right." He forgot to give me the appropriate tip. At another time a lady asked me to direct her to something on a certain floor of the hotel. And I have thought, well, it is fine to be mistaken for somebody else, to get away from the responsibility of one's position, and just to meet people on a different ground. Some people have strange notions about us. The little boy in the streets of London—do you know the London vernacular, Gentlemen, do you understand the London vernacular?—he will look up at me, General notwithstanding—he doesn't know anything about Generals—and he says, poking his wicked little finger at me, "Salvation Army, All gone balmy".

And I say, "You naughty little boy. People don't say that now about the Salvation Army", and he runs away, a little abashed.

I was travelling in a train from London to Durham. A lovely city, Durham. In the train I said, "I don't think

I will bother about getting a lunch on this train. These wartime luncheons are not much, they are not worth the money when you do get them. We will take a bite with us and have it in the compartment." A lot of people did that in England during wartime.

It came luncheon time and the passengers filed down the corridors and as they passed I saw two ladies look in, in that way some of them have of looking, without wishing it to be known they are looking. Then they came back and I said to my friend, "Definitely interested." The third time I swung the door back and the blonde lady, with a delightful Scottish accent said, "Excuse me, are you not taking lunch on the train today? Well, Sir, if you are not taking lunch, I wonder whether you would do a favour while I take lunch?"

I said, "What might it be?"

She said, "Would you mind taking care of my baby while I take lunch?"

I said, "Where is the baby?"

"In the next compartment."

It did just occur to me to wonder whether some other passengers couldn't have that honour, but I said, "Boy or girl?"

She said, "A boy."

I said, "Bring him in."

He woke up shortly afterward. That is another story. I spoke to him in the universal language, showed him all the beauties of the world, and the glories thereof, and all the wonders of the Salvation Army Commissioner's cap with the red band. I threw him on the right shoulder and then on the left and patted him all over.

When nearly an hour had gone I said to my travelling companion, "Has this train stopped anywhere? For goodness' sake, hold the child."

Off I went and I found the lady coming back, quite leisurely, and she said, "I knew you wouldn't mind taking care of my child for me."

Why should she say that? Why? Just because of the uniform I wore.

And when I got to Durham and told the Lord Bishop that story, he said, "Take it as a compliment. She gave you the care of the dearest thing she had and I don't think she would have let me keep that child, even though I do wear an apron."

That is just a slant on the funny side of life, the way people look at us. But how do we look at them? How do we look at the world? What do you think about the spiritual condition of the world today? I often wonder what business men think about us. We people, constantly engaged in spiritual work, often wonder how you assess us. I wonder if you are like the late Lord Dewar who said on one occasion, apropos of making mistakes, "When a plumber makes a mistake he charges you twice for it; when a Judge makes a mistake it becomes the law of the land; when a Doctor makes a mistake he buries it; but when a preacher makes a mistake, nobody knows the difference."

I often wonder whether that is the assessment of the preacher. Well, whatever you think about us, you are going to allow me to say a word about the spiritual side of things, because we, as Salvationists, say quite freely that we have no hope whatever for the true rehabilitation of mankind unless the spiritual element be regarded and when I say the spiritual element, I am not talking about any narrow interpretation of this or that particular creed. We shall never get all men to agree as to a Creed. But surely it ought to be possible to increase among men our confidence in the spiritual integration of human life. It is easier to build a city in mid-air than it is to reconstruct Society and disregard the spiritual and moral element.

I am sometimes disappointed to find the reaction to that kind of thought was poor. When I was in France I had the honour to speak to President Herriot—a very fine gentleman, a rationalist. He listened to me with great respect, took notes on what I said, and then replied.

I said, "Mr. President, may I say to you that we look and pray for the complete rehabilitation and recovery of your country, but that we have little hope of it on a purely humanistic or materialistic basis. We suggest to you, Mr. President, that the spiritual must be taken into account."

When he replied he looked at me and said, "I agree with much of what you say, General, but when you come to the spiritual, you must leave me out."

Well, I am sad when that is said, because I am not there just pushing my own interpretation of creed. I am not there propagating one particular kind of religion. But I am there saying: Have something in which you believe, some spiritual content in human life. Do not regard man as merely an intelligent animal without any spiritual quality within him. Do not look upon him as all brain and stomach. When you have catered for a man's mind and catered for his physical necessities, you have not yet fully satisfied man, because he is a spiritual being and he cannot really be content if his life is entirely taken up with material pursuits.

Twenty-one civilizations have already gone to pieces and there is no earthly reason why our present system of civilization should survive unless men and women truly see that the survival element in it has something to do with the spiritual, and that the truly integrated human life takes God into account.

What do I see of the spiritual condition of the world? I range my eye over the East as far as I can see. I haven't seen it all. As I range over the world I look at the Scandinavian Countries. I go to Scandinavia, and I might include Finland in that area, although, strictly speaking, there are other elements there as well, and as we range across from Finland, across to Sweden and Norway and Denmark, I have found, personally, a very strong and healthy spiritual reaction at the present time.

In Norway—your land, Sir, (addressing the Norwegian Consul. Major Omejer.) if you won't think me rude to just mention it—in Norway there was, I think, a very decided quickening of interest in spiritual things during the Occupation, and afterward we found the Salvation Army stronger than before.

Holland is another country of which I can speak with personal knowledge. My recent visits to Holland include one that I paid when the whole country was not yet liberated. I saw Rotterdam in its state of ruin and I saw its people emerging from its time of starvation and cruel, unspeakable hardship—and later I had the opportunity to visit other cities that had been liberated.

I shall never forget the moment when I stood in the square at Rotterdam and looked out from the city hall on that area where the world received one of its first blood-soaked lessons in the horrible culture of Nazism. I saw that area that had been wiped out in that cruel raid on Rotterdam when the doctrine of the Crooked Cross began to emerge before a startled world. And when I look upon Holland now I see her streets clear, her roads repaired, her bridges reconstructed, her flood waters drained away and her homes rehabilitated and her people making a fine fight.

Religiously, the Dutch people are perhaps one of the most encouraging peoples in the world to a man engaged, as I am, in this kind of work. There is a spiritual revival in Holland. There is no doubt about that. Her Majesty, Queen Wilhelmina, told me that herself, not long ago. Certainly I have seen it. Every place we have in Holland is full every time we open it.

Let me say a word before I sit down about our work in the East. In India we have not found it so terribly difficult. I hope to go there toward the end of the present year, and also to Ceylon. We have not suffered a lot in those areas that have been disturbed by movements of population. Many Salvationists go on without physical injury or attack. They have lost their homes and lost their jobs because of the movement of population, but they are remaining loyal. They are remaining loyal to their Christian teaching and loyal to our Salvationist standards.

We have been able, I am happy to say, to administer relief to the fleeing thousands crossing the area between Delhi and Lahore. There was a terrible trek of humanity either way, some going north, others pushing south. Thousands died on the road. Up and down that stretch we were able to go with our canteens, administering a little help as it was needed.

You may be interested to know that in China we are executing what you might call a strategic withdrawal. We are coming out slowly from the north because we are persuaded we have to. The Communist brand of politics there, as indeed elsewhere, is absolutely antagonistic to the Christian faith, and particularly antagonistic to an organization like our own that is international. Although we never interfere in the internal politics of any country, yet the Communists won't believe it. So we have lost 27 out of 30 places. In Tokyo, for instance, under the Russians, and we have closed down in Manchuria and in parts of North China, and we are now pulling out our forces, our European people, not our Chinese—they will stay there—but our European people we are pulling out and sending them to Shanghai. We have managed to get another accommodation for Headquarters, and when the owner knew that it was for the Salvation Army, he cut the rent by half. So there are one or two friends among the Chinese.

In Japan we are rehabilitating the Japanese offices, and we have an overseer or two at present working there. The report throughout the Far East is not entirely discouraging. We think we are baffled today and we shall win through tomorrow. Our people are not dispirited.

I would like to say in closing, Gentlemen, you have not before you today the leader of an international Army that is discouraged about the world situation. We don't believe in the imminence of another war, and we are doing our best to sow the ideas of peace and goodwill among men. We are willing to serve on the level of human need, wherever we can, and to try to help to restore the spiritual standards and ideals of mankind.

And now, if I have said too much, forgive me. If I have said too little, make up for me, and if I have said just enough, congratulate me, for it doesn't often happen. (Applause.)

"THE WAR ACCOMPLISHMENTS OF BRITISH FILMS"

AN ADDRESS BY

J. ARTHUR RANK

Chairman: The President, Tracy E. Lloyd.

Special Meeting, King Edward Hotel,
Monday, May 19th, 1947.

Gentlemen: After grace, which will be offered by The Very Reverend Peter Bryce—Ex Moderator of The United Church of Canada—we will remain standing and drink a toast to His Majesty The King, followed by the singing of the first verse of The National Anthem.

. . . .

REVEREND SIR, MR. PROVINCIAL SECRETARY, DISTINGUISHED GUESTS, MEMBERS OF THE BOARD OF TRADE, THE CANADIAN CLUB, OUR LISTENING AUDIENCE OF THE AIR AND LADIES AND GENTLEMEN:

Last October The Empire Club of Canada invited Britain's leading film magnate to be its Guest of Honour on his anticipated visit to Canada and our invitation was immediately and graciously accepted.

However, in April we learned that it would not be possible for our invited guest to arrive in Toronto until several weeks after the official closing of our 1946-47 season. Our decision to hold a Special Meeting on a different day and in a different place has been justified by this overflow gathering of many of the leading business and professional citizens of Toronto.

MR. J. ARTHUR RANK is Managing Director of England's chain of flour mills known as Jos. Rank Limited, which grind out one-third of all the flour consumed in Britain. About ten years ago Mr. Rank decided that something should be done about improving the quality of the films being shown to English audiences. Many of us, no doubt, felt the same way but Mr. Rank financed a few religious moving pictures and some other good pictures, including "The Turn of the Tide", but soon found that these pictures could not be shown unless control of the moving picture theatres was secured.

From this small beginning, Our Guest now controls over six hundred moving picture theatres, is a director of twenty-three companies engaged in the production, distribution or exhibition of films and is chairman of the board of eighteen of these companies. In the production field it is interesting to find that two British Films—"Henry the Fifth" and "Brief Encounter"—were voted among the year's best by United States critics and then for the future we have "Great Expectations".

To Canadians Our Guest possibly is best known as head of the Odeon Theatres of Canada Limited and his plans for expansion in The Dominion are far reaching—Many theatres are now under construction and many more are contemplated and it naturally follows, therefore, that Canadian audiences will likely see more and more English movies of high quality.

On your behalf, as well as my own, I welcome to Canada, to Toronto and to The Empire Club Mr. J. Arthur Rank, Christian Gentleman, Movie Missionary, Leading British Industrialist or, as Hollywood might say, Millionaire Miller and Methodist Movie Magnate—

MR. RANK

Mr. President, Ladies and Gentlemen, thank you very much indeed for your extremely warm welcome. At the outset, I would like to express to your Executive my deep appreciation in their affording me this opportunity to speak to the Members of The Empire Club of Canada. I find it difficult to put into words my thanks for this kindness.

I am well aware that in the past you have had a great many distinguished speakers address your Club. Now, I am just a plain Yorkshireman. Unfortunately, we have not the "gift of the gab"; however, we do not know when we are beaten and I am going to do my best.

In spite of a feeling of nervousness, I welcome this opportunity to speak to you. I understand that over the wireless I am addressing a much larger audience than I see before me. I have always had in mind that if an opportunity such as this should ever present itself to me, I would pay a sincere tribute to all Canadian soldiers, and especially to those whom I saw at the second battle of Ypres early in 1915. In the first gas attack, when troops were fleeing, I saw those Canadian soldiers of the First Division go in and hold the line and but for their bravery the history of the first Great War might have been very different. I welcome this opportunity of being able to refer to the wonderful courage shown by you men on that occasion and express to you the admiration I shall always have for the Canadian people.

The deeds of valour of the Canadian soldiers in the last War are all well known to us in England. The highest military authorities have told us that the duration of the War was shortened by the brilliant victory of the Canadians in the combined operation with the British Navy when they captured the Scheldt Estuary, and, jointly with the British Forces, made that epic stand at the Falaise-Calais gap. Both these operations were great factors in the shortening of the War. To these later Canadians I also pay tribute.

Canada is part of the family of Nations known as the British Commonwealth and we in England also belong to that family. I cannot help but remind you that wherever we go we can hold our heads high knowing that for well over a year, this freedom-loving people stood alone, and saved the civilization of the world. As I travel in different countries, read their papers and converse with the inhabitants, I gather that a great many people are of the opinion that one member of that family, the Motherland, having put everything she had into the war effort, and in spite of the aid given to her by the Dominions, is now exhausted and finished as a great power. I know we are in a tough spot at home, but I assure you, with the same spirit and co-operation we shared with you in 1940, and later, there is no doubt in my mind but that we will rehabilitate the Old Country. We shall win through. We shall still be a great industrial force and a power for good in the world. We in Britain, with you, will play our part in bringing order out of the chaos which exists throughout the world today.

You are, no doubt, aware that my trip here is in the interests of the British film industry. I am delighted and greatly encouraged to hear from many people whom I have met that they are enjoying British films. We in England are determined to send even better pictures to Canada in the future than we have in the past, and in the meantime, as I have just said, we are very much encouraged by your reception and apparent enjoyment of those you have already seen.

The introduction of British pictures to the Canadian public is due in no small measure to my friend, Mr. Leonard Brockington. I was fortunate enough to meet Mr. Brockington when he was on war duty in England. I was greatly encouraged by talks I had with him, and as a result of these talks, the organization known as the Odean Theatres of Canada, is now a going concern in this great country.

The record of the British Film Industry has been a very varied and difficult one. Prior to the war of 1914-18—the pioneers of the industry were leading in this field, but owing to and during the war, Hollywood took the lead and after the peace Britain never really recovered her lost ground. Just prior to 1939 we were making a great effort to compete with the strong and well established Hollywood companies, then along came the second Great War and that put a stop to all our hopes and ambitions.

Just before the last Great War, the American producers had what was practicaly a monopoly of the world's screens. It is of interest to mention here that toward the end of 1940, or to be more explicit, the late summer of that year, there were only about two pictures produced in Great Britain, and it looked as if history was going to repeat itself, and as was the case in 1914, the production of British films would be out altogether.

However, we had a little bit of luck on our side. The Government was very anxious that the morale of the people should be maintained by entertainment through the cinema, and, moreover, the authorities were of the opinion that certain of their wartime policies could be put over to the general public by the same means, and furthermore that training films should be made, not only for the service but also for industry; and so we had our opportunity which we were quick to seize.

Immediately war broke out, the studios of our country, or at any rate the majority of them, were requisitioned. Of our two largest and most modern, one was taken over completely by the Government and the second one partly so, and when we asked for permission to go on with the making of their pictures, we were greatly handicapped due to lack of space. Many of our best technicians, writers and actors who could meet military requirements had already joined up with the Services and we had only a handful left. We could not blame the Government for that; they had the job of winning the war.

As an illustration of the many difficulties which confronted us; in the production of an average picture we needed 120 plasterers for making the scenes and in addition we required a great many carpenters but we had only nine. We brought over seventy from Southern Ireland but no sooner had we got them working when Jerry started with his D1's and many houses were damaged. The repairing of the homes of the boys who were fighting became the first priority, so the plasterers and carpenters whom we had brought over from Eire were taken away for this most essential work.

I would like here to pay a sincere tribute to the technicians who were left to us; they showed wonderful ingenuity. We had had no new equipment in our studios for seven years but they carried on and considering the difficulties under which they laboured, they did a wonderful job.

As the war went on we encountered many other difficulties. We had the delightful coupon system for the purchase of clothing, there was a shortage of material, and as we required costumes for our actors we were unable to use many stories and plays we would have liked to have produced. At all times we were, and still are, compelled to go to the Board of Trade for coupons, so we still are unable to use those subjects we would like to see on the screen.

We hope that by next year the restrictions will be relaxed to some degree and we will therefore have a wider scope. You will realize from this we were compelled to choose subjects requiring fewer coupons in order that we would be able to apply to the Board of Trade for them with some measure of assurance that we would obtain a release.

I am glad to be able to say we now have our studies back under our own control. A number of these are not yet in operation but by the Spring of next year we will have most of them re-equipped. At the present time we have not a sufficient number of technicians to carry on, however, we are now training them and hope shortly to overcome the bottleneck that exists today.

I can assure you that we have in Britain great talent, not only writers, producers and technicians but also actors and actresses. We intend to do a good job and produce some great pictures which in due course you will see in Canada.

Beside the entertainment side of films, there are three other fields which I believe will be of great benefit especially to the rising generation; many others hold this opinion. I refer to religious, educational and children's films. Here we will have the advantage of making them in what is known as substandard (16 mm) and these can be shown in clubs, schools, institutes and at Youth Conferences throughout the world. I feel sure that pictures of this type will render a service in the education of youth, not only in secular but also in Christian teaching.

As regards children, they will have a great influence in fostering the principles of good citizenship, and, furthermore, I am firmly of the opinion that pictures of this type will be of immense value in contributing substantially to the peace of the world.

It is our wish to produce and operate along these lines in Canada, where at the present time we have a small and nearly fully equipped studio which we hope will be a starting point for greater production in the Dominion.

We have similar organizations in New Zealand, Australia and South Africa, but if we can make good pictures here, these can be shown throughout the length and breadth of the Empire and British Commonwealth.

In England we have great resources of inventive genius. To day you have been introduced by your President to Sir Robert Watson-Watt, the discoverer of Radar, a scientific achievement that helped so much to the winning of the War: the jet propelled aeroplane originated in my country; truly, in the British Isles there is great talent for scientific development.

The production of films requires an immense amount of research and we are fortunate in having the advice of that great scientist, Sir Robert Watson-Watt. I feel that those engaged in the discovery of new methods, under his guidance, are doing a good job.

Before the war, we were leading in the field of Television and were well ahead of the United States of America but owing to the war, we felt we were going to lose ground. I do not know what the situation is at present. I saw a great deal of what has been accomplished in the States and no doubt I will see more when I return from the Coast. However, so far, I have seen nothing any better or as good as we have in England at the present time but I may when I return East.

At the beginning of the war all our boys who were on our technical research were immediately taken off and put into different fields to help the war effort. One of the things of which we were very proud was that our group of technicians developed and were in full charge of the production of mine detectors, and as a result of this, our workmen in the film industy helped to make it possible for the great advance in the battle area.

Here is an interesting sidelight on the labour problem. We were being pressed by your Governor-General to speed up the production of mine detectors, as the advance of the Army was impeded without them. To accomplish this we had star speakers down to our workshops, among them soldiers, but our production did not increase very greatly. However, we had two women in the factory whose husbands were in North Africa with the Engineers. These men had written home to their wives and told them how lives were being saved by the use of mine detectors and urged "For goodness sake, get your backs into it and send us more". These two letters were posted on the notice board; the result being within a week our production was doubled.

We have labour troubles in all parts of the world. It is up to management to make the right approach to the workmen; to win them over is no easy matter but when this has been accomplished they can do wonders.

As the Germans changed their type of mines, we were forced to alter our mine detectors to meet the situation. I am glad to be able to say that our boys did an excellent job and eventually as the war progressed, we had to extend the production to other factories of which our group was the parent.

It is a great joy for me to know that we did contribute something to the saving of the lives of Canadian soldiers as well as our own men.

In our factories we are in many fields of research—lenses, sound photography and equipment of various designs. I am going to tell you we are not following Hollywood; we are going to get ahead of Hollywood in studio equipment.

In conclusion, in Canada we have at the head of our organization a man of character, ability and energy in the person of the Honourable J. Earl Lawson and this is a matter of great satisfaction to me. Earl Lawson is a gentleman in whom I have the greatest confidence.

We are making steady progress and I know you will all be proud of what we are doing and are going to do in your great Dominion of Canada. (Applause).

President Lloyd: Mr. Rank has mentioned Mr. Brockington's name in connection with the coming of this organization to Canada and I am going to ask Mr. Leonard W. Brockington, K.C., if he will step to the microphone and on behalf of this audience thank the Speaker for this address—Mr. Brockington.

Mr. Leonard W. Brockington, K.C.: Mr. Chairman and Gentleman, I would like to thank you, Mr. Chairman, first of all, for having spoiled my lunch by telling me immediately preceding it that you expected me to perform this task. It is a motto of the British Empire that they always muddle through and I presume that is the motto of The Empire Club, too.

All I can say is if this part of Operation Rank is not properly carried out, the blame for it being too little and too late, is on you and not on me.

Somebody once said on this Continent that there were more speeches to the square meal than anywhere else on earth—I certainly believe it. Even I, myself, am beginning to lose a little faith in the strong, silent man, because for several days now, and on his preceding visit I have gone around with Mr. Rank as a sort of reluctant, silent shrinking jackal, with an equally modest reluctant and shrinking lion, but I am very glad indeed to be here at this meeting with him.

I am not going to thank him, I think it is rather improper to do so. First of all, I am going to thank this audience for having turned out on this occasion, and I would like to say, that you have had as your two main guests, two men who seem to me, to represent in themselves the epitome of British courage and vision, patience and elementary honesty.

Now, I have known Sir Robert Waston-Watt for some time and I think I know something of the man who had to do with the direction of the war and what he himself did. James Barrie once said that the most awesome sight in the world is a young Scotsman carving out a career for himself. I may tell you one of the strangest sights in the world has been this young Scotsman working for his country and all the world of free men, and I would like to add to what Mr. Rank said, by assuring you, not for myself, I am not capable of judging, but from what I have heard from the lips of great men, no man did more to save Britain and the world and freedom than the man you have entertained today in the person of this most brilliant and engaging young Scots scientist.

I would like to say, too, about Mr. Rank that I think he himself has shown what we believe to be one of the British virtues. I think the greatest of all British virtues is to turn defeat into victory, to find Springtime in the middle of Winter, if I might use a film expression—to turn the steps to Hades into a "Fairway to Heaven".

Now, as far as this club is concerned, Mr. Rank, I believe that this club is not ashamed of ancient loyalties. I believe it is proud of the tradition which joined your country and ours. I think it believes that the love of Canada which is in the hearts of us all—that if it has any opposite on the shield it is also the love and respect and admiration for the ancient land of Britain, and I know that we are all proud that this Club, both guests and members, there is one link which joins us all together, that is the common loyalty to a Gentlemen who, whether he is King of Canada, South Africa and Australia, we shall always be glad to know he is also King of England, and I would like to give one little reminiscence of the days I have never forgotten in the year 1939.

You may remember at that time the papers and films and newsreels were full of the pictures of scowling and murderous Dictators and suddenly, in the months of May and June, across the King's Highways that leads from Halifax to Vancouver, there walked a man and a woman, and we, the children of Canada, and the men of Canada, saw their faces, and suddenly, all the images on the coins and the stamps resolved themselves, and we saw a gracious Gentleman and a compassionate Lady, who walked among their people in this country, and I can remember no occasion which has uplifted our hearts and brought us more closely together than that visit.

Now, as you go across Canada, Mr. Rank, you will hear things, I have no doubt, said about Britain, and questions asked you. I think I can perhaps thank you best by trying to say in about two minutes what I believe my fellow citizens in Canada feel at the moment about the ancient island from which you come.

I think we believe that no land did as much during the war to save freedom as did the British Isles. I think we believe that no land has done more to extend its boundaries since the war, than the British Isles, and I know perhaps some Gentlemen in this room do not agree with me, but I believe in the great emancipations that are taking place in India and Burma, history will say, that there is the British Empire at its finest, that it taught what were once subject races, the lessons of freedom and were ready to put into practice with a great and a wholehearted co-operation—they gave them that opportunity.

Now Emerson once spoke about England, almost a hundred years ago, in a speech which he delivered at Manchester, and he apostrophized this aged England which is ever young, and he said, "In times of stress her pulse is like a cannon and she always sees more clearly when the clouds are overcast".

So perhaps as this is a film occasion I would be allowed to sum up what we believe about England in some words once spoken at the end of a great film—the film "Cavalcade". You may remember after the sufferings of the last war and amidst the distress that came upon young and old, when it was over a film was made and sent out to this country, and at the end, a typical English mother and an English father, having suffered losses in the war, at New Year's toasted their native land. And the words as far I recall them, were these: "Let us join the future of England with the past of

England; the sorrows which are almost over with her triumphs that are over too; let us drink to our sons who have fashioned the pattern, and to our hearts that died with them. Let us drink to the courage and gallantry that made a strange Heaven out of an unbelievable Hell and let us drink to the hope that some day the land we love will find dignity, and greatness and peace once again".

Now, Mr. Rank, we are all marching together into the future. I can assure you that the men and women of Canada will march all the more gladly and all the more hopefully because they know that their aged yet their young partner, Britain, will be marching at their side.

(Applause.)

President Lloyd: Thank you, Mr. Brockington, and again Mr. Rank, on behalf of this audience, we are very happy and proud to have had you here today and we hope you enjoy the rest of your visit to Canada. This meeting is adjourned.

THE EMPIRE CLUB OF CANADA, TORONTO, ONTARIO

THE ANNUAL FINANCIAL STATEMENT

RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH APRIL, 1948

Cash on Hand and in Bank as at 30th April, 1947				$2,435.42
RECEIPTS				
Membership Fees		$5,606.00		
Interest:				
On Investments	$ 45.00			
On Bank Balance	49.74			
		$ 94.74		
			$5,700.74	
PAYMENTS				
Luncheon Expenses	$7,828.43			
Less:				
Proceeds of Sale of Tickets	7,095.00			
		$ 733.43		
Furniture and Fixtures		5.50		
Honoraria:				
Secretary	$ 600.00			
Treasurer	200.00			
		$ 800.00		
Miscellaneous Expenses		223.78		
Printing, Stationery and Postage		1,637.92		
Printing 1946-1947 Year Book	$1,885.33			
Less: Proceeds of Sale	165.07			
		$1,720.26		
Recording and Publicity		974.89		
Speakers' Fees and Expenses		432.82		
Telephone and Telegraph		160.49		
			$6,689.09	
Excess of Payments over Receipts				988.35
Cash on Hand and in Bank as at 30th April, 1948				$1,447.07

We report that we have examined the books and accounts of The Empire Club of Canada, Toronto, Ontario, for the year ended 30th April, 1948, and have obtained all the information and explanations we have required, and that, in our opinion, the above statement shows correctly the Receipts and Payments of the Club for the year ended 30th April, 1948.

In addition to th cash balance of $1,447.07, the Club holds $1,500.00 Dominion of Canada 3% Ninth Victory Loan Bonds due 1st September, 1966.

As at 30th April, 1948, the Club was committed to publish the 1947-48 Year Book at an estimated cost of $1,800.00.

H. T. Jamieson & Company,
Chartered Accountants,
Honorary Auditors.

Toronto, Ontario.
8th July, 1948.

THE EMPIRE CLUB OF CANADA

PAST HONORARY PRESIDENTS:

*1903-1912	Rt. Hon. Lord Strathcona and Mount Royal, G.C.M.G., LL.D., D.C.L.
*1913-1926	Field Marshal H.R.H. The Duke of Connaught and Strathearn, K.G., G.C.M.G.
*1927-1931	Rt. Hon. Viscount Willingdon, G.C.S.I., G.C.M.G.
1931-1935	Rt. Hon. The Earl of Bessborough, P.G., G.C.M.G.
*1935-1940	Rt. Hon. Lord Tweedsmuir, G.C.M.G., C.H.

PAST PRESIDENTS:

*1902-05	Brig.-Gen. James Mason
*1905-06	Rev. William Clark, D.D., LL.D., D.C.L.
*1906-07	J. P. Murray, Esq.
1907-08	J. F. M. Stewart, Esq., B.A.
*1908-09	D. J. Goggin, Esq., M.A., D.C.L.
1909-10	Elias Clouse Esq., M.D.
*1910-11	J. Castell Hopkins, Esq., F.R.S.
*1911-12	F. B. Fetherstonhaugh, Esq., K.C.
*1912-13	Rt. Rev. James F. Sweeney, M.A., D.D., D.C.L.
*1913-14	Mr. Justice James Craig
*1914-15	Lt.-Col. R. J. Stuart
*1915-16	Albert Ham, Esq., Mus. Doc.
*1916-17	James Black Perry, Esq.
*1917-18	Norman Sommerville, Esq., M.A., K.C.
1918	F. J. Coombs, Esq.
1919	R. A. Stapells, Esq.
*1920	Arthur Hewitt, Esq.
*1921	Brig. Gen. C. H. Mitchell, C.B., C.M.G., D.S.O., LL.D.
*1922	Sir William Hearst, K.C.M.G., K.C., LL.D.
1923	Ellis H. Wilkinson, Esq.
1924	William Brooks, Esq.
*1925	Rev. R. N. Burns, D.D.
1926	Col. A. E. Kirkpatrick, Hon. A.D.C., V.D.
*1927	Col. Alexander Fraser, LL.D., A.D.C.
1928	Robert H. Fennell, Esq., K.C.
*1929	Hugh S. Eayrs, Esq.
*1930	John D. Spence, Esq., B.A., K.C.
1931	H. G. Stapells, Esq., K.C.
1932-33	Col. The Hon. Geo. A. Drew, V.D., K.C., LL.D.
1933-34	Major W. Jas. Baxter, M.C.
1934-35	Hon. Dana H. Porter, K.C.

* Deceased

1935-36	J. H. Brace, Esq.
1936-37	Major G. B. Balfour, B.A., K.C.
1937-38	Major R. M. Harcourt
1938-39	J. P. Pratt, Esq., K.C.
*1939-40	F. A. Gaby, Esq., B.A.Sc., D.Sc.
*1940-41	The Honourable G. Howard Ferguson, P.C. (Can.), K.C.
1941-42	C. R. Sanderson, Esq., M.A., B.Sc.
1942-43	John C. M. MacBeth, Esq., B.A., K.C.
1943-44	W. Eason Humphreys, Esq.
1944-45	Charles R. Conquergood, Esq.
1946-47	Major F. L. Clouse.
1947-48	Tracy E. Lloyd, Esq.

* Deceased.

THE EMPIRE CLUB OF CANADA

Officers and Executive Committee

Year 1948-49

Officers:

President: THOMAS H. HOWSE
First Vice-President: T. A. PUGSLEY
Second Vice-President: GEORGE HARDY
Third Vice-President: SYDNEY HERMANT
Honorary Secretary: R. FORD RALPH
Secretary: JOHN HYDE BENNETT
Honorary-Treasurer and Treasurer: W. W. COMBER, C.A.
Honorary Auditor: H. T. JAMIESON, C.A.

Executive Committee:

COL. F. F. ARNOLDI, D.S.O.
W. L. ANDERSON
H. C. BOURLIER
J. A. COLE
H. G. COLEBROOK
BRIG. COLIN A. CAMPBELL, O.B.E., D.S.O.
S. S. FLETCHER
FRANK GEROW
JOHN W. GRIFFEN
WARREN B. HASTINGS
HORACE HARPHAM
G. A. LASCELLES
SQ. L. NORMAN A. NUNN
J. P. PRATT, K.C.
MAJOR A. O. THOMPSON, M.C.
COL. J. E. WILSON, M.C.

Immediate Past President:

TRACY E. LLOYD

Past Presidents:

ELLIS W. WILKINSON
WILLIAM BROOKS
COL. A. E. KIRKPATRICK, V.D.

CONSTITUTION

INSTITUTED 1903

THE OBJECT OF THE CLUB IS THE ADVANCEMENT OF THE INTERESTS OF CANADA AND A UNITED EMPIRE

Organization of the Club and Branches

Art. 1.—(1) The organization shall be called The Empire Club of Canada.

(2) Branches of the Club may be established with the authority of the Executive Committee, and subject to such conditions and regulations as may from time to time be decided upon by the Club in Toronto.

(3) A committee may be appointed under the provisions of sub-section 2, article 1, for the establishment of branches of the Club, and the word "Unit" shall denote a Branch.

Classes of Members

Art. 2.—The Membership of the Club shall consist of

(a) Active Resident Members,
(b) Non-Resident Members,
(c) Life Members,
(d) Honorary Members,
(e) Associate Members,
(f) Corporate or Sustaining Members.

All members must be of the full age of sixteen years, and members of classes (a), (b), (c), (d) and (f) must be British subjects.

Active Resident, Non-Resident and Associate Members

Art. 3.—(1) Candidates for Active Resident, Non-Resident and Associate Membership shall be proposed and seconded by two members of the Club in good standing, and shall be elected by a two-thirds majority of those present at any meetitng of the Executive Committee.

(2) Subject to sub-section 4 of this article Active Resident and Associate members shall pay an annual fee of $4.00 and Non-Resident members $3.00, payable on or before the first day of October in each year. Payment of such fees shall entitle each member to receive a copy of the Year Book. No member in arrears for fees or dues shall be considered in good standing or be eligible for office.

(3) Associate members shall not have the privilege of voting or holding office.

(4) Members whose applications for membership are received after the first day of April in any year shall pay one annual fee only in respect of the period from that time till the 30th day of September in the following calendar year.

Life Members

Art. 4.—(1) Life Members, not exceeding ten in any one year, may be elected from time to time, at an open meeting of the Club, upon the recommendation of the Executive Committee. Provided, however, that Ministers of the Federal Parliament and Premiers of the different Provinces of the Dominion of Canada may be eligible for election at any time, even though their election may cause the number of Life Members to exceed ten in one year.

(2) Life Members shall pay a fee of $50.00 in one sum.

Honorary Members

Art. 5.—(1) Honorary Members may be elected upon the recommendation of the Executive Committee, and at a general meeting of the Club.

(2) Honorary Members shall be exempt from the payment of fees, but shall not have the privilege of voting or holding office.

Corporate or Sustaining Members

Art. 5A—Any company, partnership or business organization shall be eligible for election as a Corporate or Sustaining Member. Applicants shall be proposed by two Active Resident Members of the Club in good standing and the application shall contain the name and position of the Officer nominated by the Applicant as its Candidate for membership. The Applicant and its Nominee shall be elected by a two-thirds majority of those present at any meeting of the Executive Committee. A Sustaining or Corporate Member shall pay an annual fee of $50.00 which shall include the fee of its representative member.

Officers to Be Elected

Art. 6—(1) The officers of the Club shall consist of an Honorary President; a President; First, Second and Third Vice-Presidents; an Honorary Treasurer, or a Treasurer, or both; an Honorary Secretary or a Secretary, or both; an Executive Committee which shall consist of the officers appointed under this Article and 17 other members, who, with the officers, shall be elected by ballot, and of the ex-officio members hereinafter mentioned. There may also be elected an Assistant Secretary and Assistant Treasurer. Three Past Presidents together with the immediate Past President shall be the ex-officio members of the Executive Committee for the ensuing year.

Election of Officers

(2) The election of Officers of the Club shall take place at a general meeting of the members, to be held not later than April 30 of each year, at a date to be decided upon by the Executive Committee, and this meeting shall be deemed to be the Annual Meeting. The Officers and Executive Committee then elected shall hold office until April 30th, of the following year, and thereafter until their successors respectively have been duly elected and installed. A Nominating Committee consisting of five members of the Executive Committee and four other members (this Committee shall select its own Chairman) shall be appointed by the Executive Committee and ap-

proved at a regular or special meeting of the Club not less than four and not more than six weeks before such Annual meeting, due notice of such regular or special meeting to be given to all members in good standing, and such Committee shall report to the Annual Meeting. If nominations do not exceed the number of the officers and members of the Executive Committee necessary under the Constitution, the President shall instruct the Secretary to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the President to have been duly elected.

(3) An Auditor or Honorary Auditor shall be elected at each Annual Meeting.

Standing Committees

(4) Standing Committees shall be appointed as follows:

(a) Budget and Finance Committee.
(b) Speakers' Committee.
(c) Membership Committee.
(d) Constitution Committee.
(e) Luncheon and Reception Committee.
(f) Publicity Committee.
(g) Year Book Committee.

Filling of Vacancies Among Officers

Art. 7.—In the event of an office becoming vacant by death, resignation, or otherwise, the vacancy thus caused shall be filled by the Executive Committee and the person so chosen shall hold office until the next Annual Meeting.

Duties of Officers

Art. 8.—The duties of the Officers shall be those customary to such positions in similar organizations.

Holding of Meetings

Art. 9.—(1) The Club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as from time to time may be decided upon.

(2) At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President, and this report shall be accompanied by an interim report from the Treasurer. An audited statement of the finances of the Club for the full financial year shall be published in the Year Book.

Notice of Meetings

Art. 10.—Written or printed notices of all meetings shall be given to the members of the Club. Such notices shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto.

Quorum at Meetings

Art. 11.—Fifteen members in good standing shall constitute a quorum at any meeting of the Club, general, annual or special, and the presiding officer shall have a casting vote. Nine members shall form a quorum of the Executive Committee.

Limitation of Business at General Meetings

Art. 12.—No business other than the hearing of the addresses and notices of motion shall be introduced at any meeting of the Club, unless it has been submitted to the Executive Committee and received its approval.

Calling of Special Meetings

Art. 13.—Meetings of the Executive Committee shall be called by the President, or on a requisition signed by three of its members. Special meetings of the Club may be called by the President, and shall be called by him on a requisition signed by twelve members and stating the object of the meeting. This object shall be stated in the notice calling the special meeting.

Financial Year

Art. 14.—The Financial Year of the Club shall begin on the first day of May in each year and end on the thirtieth day of April in the year following.

Amendments to Constitution

Art. 15.—This Constitution may be amended at the Annual Meeting, or at a special meeting called for that purpose, subject to a two thirds majority vote of the members present.

MEMBERSHIP

as at April 30, 1948

LIFE MEMBERS

Bickell, J. P.
Bruce, Hon. Dr. Herbert
Clouse, Dr. Elias
Clouse, F. L.
Cobham, Arthur H.
Coombs, F. J.
Johnson, E. E.
MacKendrick, Col. W. G.
Maher, James P.
Murdoch, J. Y., K.C., LL.D.
Scythes, J. A.
Stapells, H. G. K.C.
Stapells, R. A.
Stewart, J. F. M.
Tindall, H. B.
Wilson, Col. J. E.

HONORARY MEMBERS

Bourlier, H. C.
Geary, Major B. Handley, V.C.
Gillespie, Lt.-Col. George H.

NON-RESIDENT MEMBERS

Ahern, E. G.
Baker, Robert P.
Beaumont, Arthur
Bertram, James B.
Black, H. H.
Boyd, Mossom de G.
Bradley, Bruce H.
Bradley, E.
Cawthra-Elliott, Maj. Gen. H. M.
Cranstoun, John A.
Davidson, George MacK.
Davis, Aubrey
Dingle, Maj. Gordon R. M.
Duff, R. B.
Dutton, B. A.
Empringham, John R.
Finch-Noyes, G. R.
Fitzsimmons, R. H.
Fraser, Alasdair D. R.
Gilbert, C. A.
Hale, C. Harold
Hitchcock, C. H.
Hooper, Col. B. O., D.S.O., M.C.
Hudson, J. P.
Hughes, Gordon R.
Humphries, G. W.
Hutcheson, Frank W.
Innes, Rev. T. Christie, M.A.
Jackson, E. H.
Jackson, George B.
Johnston, R. C.
Kidd, Hon. T. Ashmore
Kreswick, D. A.
Leather, Harold H.
Leyden, C.
Lovell, E. A.
MacLennan, H. Alexander
MacRae, John
Martin, Victor, M.P.P.
McCulley, Joseph
McIntosh, C. H.
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Muir, William G.
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Murray, Major Gladstone
Murray, H. W.
Mutch, C. M.
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Mylrea, A. J.

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Needham, C. F.
Neelands, E. V.
Neilly, Balmer
Neilson, Charles
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Newbegin, L. R.
Newell, John O.
Newman, Brigadier H.
Newman, Harry A.
Newman, T. C.
Newport, W. R.
Newth, Reg. W.
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Nicol, John P.
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O'Connor, W. M.
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Paterson, A. S.
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Patten, Edward
Patterson, R. E.
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Pattison, Dr. C. L.
Pearce, C. T.
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Pearson, Gerald F.
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Pennington, Roy O.
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Pettit, Godfrey S.
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Pierce, Lt.-Col. H. F.
Pike, Harry A.
Pike, Theodore
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Playter, W. P.
Pooler, E. H.
Porter, Hon. D. H.
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Poucher, F. B.
Poupore, Lt.-Col. A. G.
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Pratt, J. P. K.C.
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Price, Vincent, K.C.
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Rankin, Donald O., B.A.
Ransom, A. C.
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Rawlinson, Lt.-Col. Walter
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Reddrop, F. O.
Reed, Col. Le Grand
Rees, S. L.
Reeve, Fred J.
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Turner, Cdr. A. Charles
Turner, E. H.
Turner, James
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Tutte, Lt.-Col. H. C. (S.A.)

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Vetter, E. L.
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Virtue, Roy A.
Von Maur, Jacob D.

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Wright, Peter
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Young, Cyril T.
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Young, John A.
Young, T. S.
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* Deceased.